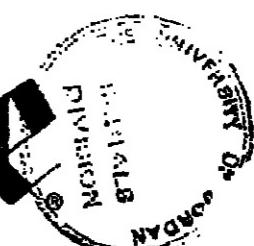


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Dan Jansen on his way to a world record and his first Olympic gold medal at the speed-skating rink in Hamar, Norway, on Friday.

Best for Last: Dan Jansen Wins Gold

By Johnette Howard
New York Times Service

HAMAR, Norway — So this is what Dan Jansen looks like happy. Arms outstretched, palms up, head thrown back and his eyes squeezed shut the applause washing down over him, cleansing him, as he looked up in wonder at the scoreboard knowing he'd just set a world record and won the Olympic gold medal and, as he said later, "finally had the happy ending we've been waiting for."

"I wanted to cry, I wanted to laugh, I said,

"I can't believe this — I was shaking," Jansen said, still smiling 20 minutes later.

And an hour later.

And a whirlwind two hours later, after he had done his first round of postrace interviews with red lipstick on his cheek, leaped atop the medal podium and fingered his gold medal for Friday's Olympic 1,000-meter victory, and after he'd clucked through the playing of the American national anthem while thinking back to "all the training, all the years, all that's happened," after he'd stated

the Lap of Honor, with the arena lights dimmed and a spotlight trailing him while the crowd sang along to "The Skates' Waltz," which is played in Scandinavia even in the smallest hamlets at the smallest rinks, where people go to skate.

Jansen made the lap with a tiny U.S. flag in one hand and his infant daughter, Jane, in the other. After he had been at the postrace press conference for a while, a Norwegian Olympic

See GOLD, Page 23

OLYMPIC PODIUM

Germans Hand Russia Another Hockey Shock

Russia's fading hockey dynasty took another Olympic pounding on Friday, suffering a stunning 4-2 loss to Germany just four days after being shocked by Finland in a 5-0 rout.

Germany (3-1) clinched a playoff berth, which Russia (2-2) had done by beating Austria on Wednesday. But Russia's place in Pool A after the five-game preliminary round determines its quarterfinal opponent from Pool B. Russia is tied for third in its pool with the Czech Republic, which has played one less game. If Russia finishes fourth

it would meet the first-place team from the other pool: Canada and Sweden currently share that spot.

Russia's Olympic predecessors, the Soviet Union and Unified Team, won eight of the last 10 Olympic gold medals. They had a 60-6-2 record and just one loss by more than a goal. And the only time either had lost more than one game in an Olympics was when the Soviets went 4-2-1 and finished third in 1960. Germany's only hockey medals were bronzes in 1932 and 1976.

But on Friday, the Russians could not overcome the superb goaltending of Klans Merk or Bernhard Trunzschka's two first-period goals in a span of 3:12.

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Russia's Olympic predecessors, the Soviet Union and Unified Team, won eight of the last 10 Olympic gold medals. They had a 60-6-2 record and just one loss by more than a goal. And the only time either had lost more than one game in an Olympics was when the Soviets went 4-2-1 and finished third in 1960. Germany's only hockey medals were bronzes in 1932 and 1976.

"We had a stupendous second run, and with that we won the medal," Huber said. "We didn't think we would make it to the gold medal."

The Italian duo of Hansjorg Raffl and Huber's brother, Norbert, took the silver, with the German favorites Stefan Krausse and Jan Behrendt, finishing third.

Olympic report: Pages 21, 22 and 23

Tension Easing, Seoul Rethinks Missiles

By Steven Greenhouse
New York Times Service

WASHINGTON — The South Korean foreign minister says that his country is reconsidering whether it still wants the United States to send it Patriot missiles now that tensions have abated as a result of North Korea's decision to allow inspections of nuclear installations.

Foreign Minister Han Sung Joo said in an interview that Seoul would have to weigh the military benefits of having such anti-missile batteries against the diplomatic risk of upsetting North Korea.

General Gary E. Luck, the senior U.S. commander in Korea, had requested the Patriot missiles, and the Pentagon had agreed to send them, but Mr. Han's comments seemed to cast uncertainty on the delivery of the missiles.

"I can't say now how our diplomatic needs will compare with the military needs," said Mr. Han, in Washington to meet with U.S. officials and attend an economics conference. "We don't know what the result of the inspections will be."

North Korea, after months of blocking inspections, agreed Tuesday to allow the International Atomic Energy Agency to inspect seven sites to determine whether Pyongyang had improperly diverted nuclear material to a suspected atomic weapons program.

The United States, with South Korea's backing, has threatened to ask the United Nations to impose economic sanctions on North Korea if the atomic agency finds that North Korea has diverted atomic material. North Korean offi-

cials say sanctions would be viewed as an act of war.

Administration officials said that the Pentagon continues to favor shipping the missiles to South Korea, but that the State Department is hesitating, now that North Korea has indicated that it wants to improve relations.

The White House, after being severely criticized for not sending additional tanks to Somalia as requested by a U.S. commander there, is said to be loath to reject a request by another commander.

In Thursday's interview, Mr. Han sought to reassure North Korea in the event that the Patriots were delivered. "The Patriots are bas-

See KOREA, Page 4

Kiosk

U.S. Troops Shoot 2 Somali Gunmen

Up and Coming

An occasional series about the leaders of tomorrow.

He looks more like the rugby player he once thought he might become than the world's hottest new bass baritone that he now apparently is. A profile of Bryn Terfel, the rising Welsh opera singer. On Monday.

Book Review
Crossword
Weather

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Page 5
Page 24

MOGADISHU, Somalia (AP) — American soldiers shot two Somali gunmen, apparently killing one, during separate incidents at the main gate to the new port in Mogadishu, a U.S. Army spokesman said Friday.

Colonel Steve Rauch said an American sentry fired one round, apparently killing a Somali manning a heavy machine gun in the back of a pickup truck. No Americans were injured.

Thursday night, another American sentry at the port fired a single round at a Somali who aimed a rifle at the checkpoint from the back of a truck. He said the gunman was hit in the chest and the pickup sped away.

Dow Jones	Down 35.18 3,867.46
The Dollar	F1 close 1.714 previous close 1.722
DM	1.720
Pound	1.482 1.48
Yen	104.825 104.20
FF	5.826 5.8545

Newsstand Prices	
Andorra	9.00 FF
Antilles	11.20 FF
Cameroon	1.40 CFA
Egypt	5.000 E.P.
France	9.00 FF
Gabon	9.60 CFA
Greece	300 Dr.
Ivory Coast	11.20 CFA
Jordan	1 JD
Lebanon	1.50 US\$
Morocco	12 Dhs
Qatar	8.00 Riads
Reunion	11.20 FF
Saudi Arabia	7.00 R.
Senegal	3.60 CFA
Spain	200 PTAS
Tunisia	1.000 Din
Turkey	15,000 L.T.L.
U.A.E.	8.50 Dirh
U.S. MIL (Eur)	\$1.10

NATO Repeats Ultimatum As Serbs Continue to Pull Guns Away From Sarajevo

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — The threat of allied air strikes appeared to recede Friday as United Nations officials said they were optimistic that Bosnian Serbian forces would withdraw their heavy weapons from around Sarajevo before the Sunday night expiration of NATO's ultimatum.

Snow-clogged roads slowed the movement of weapons from hills around the city. But the Bosnian Serbian leader, Radovan Karadzic, promised that his forces would remove their big guns or place them under UN control by midnight Saturday, 24 hours before the deadline set by the North Atlantic Treaty Organization.

"We intend to do that," Mr. Karadzic said after meeting with the head of the UN Protection Force, Yasushi Akashi. "That is our declared deadline. We are approaching peace in Sarajevo."

The NATO allies welcomed the news, but they emphasized that the ultimatum still held.

NATO is now involved whether it strikes or not. Allies reaffirm determination to enforce ultimatum if Serbs don't comply. Page 5

The United States warned that there would be no extension of the deadline and that preparations continued for possible air strikes from NATO bases in Italy and aircraft carriers in the Adriatic Sea.

Russia's senior negotiator on the former Yugoslavia, buoyed by his apparent diplomatic success with the Serbs, warned NATO to set aside its ultimatum and send air strikes would lead to "all-out war" in Bosnia.

The negotiator, Vitali I. Churkin, also said he was confident that the Serbs would comply with their pledge to pull back.

"In some political statements, I see a desire to refer to the NATO ultimatum and the repetition of certain threats made some time ago," Mr. Churkin said in Moscow after his return from Bosnia.

"Let me speak very frankly," he said. "I know there are some people in NATO who are advocating the strategy 'strike and negotiate.' In Bosnia-Herzegovina there can be no such thing as strike and negotiate. You can have either negotiations or an all-out war."

NATO, however, insisted that its ultimatum was in force until the withdrawal of the Bosnian Serbs was verified.

"If Russian pressure will help, we welcome that," a NATO spokesman said in Brussels. "But there should no misunderstanding: Any initiative will be assessed by its result."

The United Nations modified its upbeat assessment of the scale of the Serbian withdrawal on Friday but said the pullback was continuing.

"Over the last 24 hours we have seen a significant rate of increase in the number of withdrawals, but the description of them as convoys was misleading," said Colonel William Aikman, the UN military spokesman in Sarajevo. He was referring to his comment Thursday that the Serbs were pulling back in convoys from their siege positions.

Pushed to clarify the issue of the pace of withdrawal on the Serb side, Colonel Aikman said: "We're talking about a capability declining steadily. We are told that heavy arms and equipment are being moved."

He said that despite the revision of Thursday's estimate, the UN peacekeepers were still optimistic that both parties could meet their self-imposed deadline of midnight on Saturday.

An Associated Press reporter traveling between Pale and Lukavica, a likely route for a major pullout, saw four Bosnian Serbian trucks — three of them towing artillery pieces — heading away from Sarajevo.

NATO reconnaissance aircraft patrolling Bosnia are capable of detecting the presence of many heavy weapons, but a White House spokeswoman said in Washington that allied aircraft had not confirmed the withdrawal because of foggy conditions.

On Thursday, Mr. Churkin, after a meeting with the Bosnian Serbs, pledged that Russian peacekeepers would be sent to Sarajevo if the Serbs pulled back their guns.

Mr. Churkin said Russia would commit more troops in the future for deployment elsewhere in Bosnia.

In a message Friday to the UN secretary-general, Boutros Boutros Ghali, President Boris N. Yeltsin of Russia requested permission to shift 400 Russian peacekeepers in Croatia to Sarajevo, the Russian press agency Itar-Tass reported from New York.

Russia's UN ambassador, Yuli M. Vorontsov, said Friday that the peacekeepers could be in Sarajevo within two days, the agency reported.

In Athens, Russia's foreign minister, Andrei V. Kozyrev, said Russia could also send troops

See NATO, Page 5

Yeltsin's Diplomatic Coup

If Siege Is Lifted, He'll Share Credit

By Celestine Bohlen
New York Times Service

MOSCOW — In winning a pledge from the Bosnian Serbs to withdraw their heavy artillery from the outskirts of Sarajevo, President Boris N. Yeltsin of Russia has scored a badly needed diplomatic triumph, one that is likely to work for him at home as well as abroad.

The Serbs' commitment, like previous developments that have stirred hope in the brutal two-year Bosnian war, is necessarily tenuous, depending as it does on the compliance of warring parties that have so far found no good reason to lay down their guns.

But if it sticks and the Serbian guns pull back, if only for a few weeks or months, Mr. Yeltsin's government will have avoided an immediate problem that could have either damaged its relations with the West or left it with a domestic political disaster.

The air strikes that the North Atlantic Treaty Organization has threatened against Serbian targets if the guns are not removed would have left Moscow with two unpalatable choices: condemn the attack and risk international isolation, or face the wrath of Russian nationalists who have adopted the Serbs' cause as their own.

In the week since NATO issued its ultimatum for the lifting of the siege of Sarajevo, Russian diplomats, and Mr. Yeltsin himself, managed to add more drama to the crisis by

insisting loudly, even petulantly, that Russia would not be left out of any solution to the Balkan crisis.

Their complaints, made even after Washington and other European capitals took pains to consult with Moscow on NATO's decision, only served to underscore the Kremlin's unenviable position.

For Mr. Yeltsin's government, a diplomatic solution simply had to be found before the NATO ultimatum expired Sunday.

"Our aim is to make sure that the ultimatum is never carried out, that the air strikes

NEWS ANALYSIS

never take place," Deputy Foreign Minister Sergei Lavrov told the lower house of the Russian parliament Thursday.

Now, with the agreements reached in Pale, the political headquarters of the Bosnian Serbs, Russia may have found a way out of the immediate crisis, not only for itself, but also for the Serbs and the West.

Russia's intervention — in particular the offer to send 800 troops to Sarajevo to join United Nations peacekeeping forces — gives the Serbs a face-saving way to explain their compliance with the NATO ultimatum, while the Serbs' pledge, if kept, relieves the West of carrying out its threat to bomb artillery positions around Sarajevo.

Now it is Russia's turn to gloat, and to

See KREMLIN, Page 5

Industrial Collapse Looms As Russia Grinds to a Halt

By Margaret Shapiro
New York Times Service

MOSCOW — At the once-vaunted Zil factory, whose boxy limousines have been the choice of Soviet rulers for decades, half the employees were recently put on unpaid leave. In the oil fields of Siberia, lack of funds has forced 15,000 workers onto drastically reduced work schedules. In Russia's textile capital, so few cloth factories are now open that local officials want the entire region declared an "economic catastrophe" zone.

Across the frigid expanse of Russia, a long-anticipated industrial collapse is finally arriving

U.S. Seeks Approach to Burma on Rights

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Seven months after President Bill Clinton ordered an interagency review of U.S. policy toward the junta government in Burma, his foreign policy advisers are still looking for ways to increase pressure on Rangoon to improve its human rights performance.

The challenge they face, according to administration officials, is to muster more international efforts to isolate the Burmese junta over human rights issues without undermining parallel efforts to persuade the military rulers to crack down on human trafficking.

Mr. Clinton openly has supported Burma's most prominent political dissident, Daw Aung San Suu Kyi, but several members of Congress have been agitating for a more decisive confrontation with the Rangoon government.

The policy review has been prolonged, an administration official said, because several agencies involved have differed over tactics. But the official said those in Con-

gress and in human rights groups who think the administration is wavering are wrong.

"There is no sentiment in the upper reaches of the foreign policy leadership that we should be backing off on Burma," another official said. "The issue is, are there ways we can be better engaged in the effort to support human rights and democracy?"

Washington also accuses the junta of open cooperation with opium producers and money launders responsible for most of the heroin entering the United States. Under current U.S. law, Burma's narcotics record requires that Washington vote against any loans to Rangoon by the World Bank or other international lending agencies.

"This could be a hopeful sign," an administration official said, adding that the government was "somewhat encouraged" that one prominent Burmese official has said a political dialogue with Daw Aung San Suu Kyi might be possible.

Given Burma's record of human rights violations, narcotics trafficking, political repression and the largest outflow of refugees in Asia,

"we have a classic debate," a senior official said. "Do you engage and hope to influence? Right now, we lean more toward isolation."

Human rights groups, the Clinton administration and Yozo Yokota, the UN special monitor on human rights in Burma, agree that the junta has one of the most dismal human rights records of any government.

Diplomats said it was the first time since 1989, when she was placed under house arrest, that words of praise for Daw Aung San Suu Kyi had appeared in an official government publication.

The remarks were made on Wednesday by Representative Bill Richardson, Democrat of New Mexico, who led a delegation of the first nonfamily foreign visitors to see Daw Aung San Suu Kyi since her detention. The text of his remarks praising the 48-year-old leader was published in the Burmese and English language editions of *The New Light of Myanmar*, the principal government newspaper.

■ A Step Toward Freedom

In what diplomats described as a significant step toward freedom for Daw Aung San Suu Kyi, Burmese government-controlled newspapers ran a transcript of remarks Friday in which the imprisoned opposition leader and Nobel Peace laureate was praised as "a woman of passion and commitment" who "stands for the best ideals of democracy." The *New York Times* reported from Bangkok.

Diplomats said it was the first time since 1989, when she was placed under house arrest, that words of praise for Daw Aung San Suu Kyi had appeared in an official government publication.

Some members of Congress, led by Senator Daniel P. Moynihan, Democrat of New York, want to go further. Mr. Moynihan and 19 other senators from both parties told Mr. Clinton in October that "nothing less than a change in government" would lead to an end to human rights abuses and a reduction in the flow of drugs.



WORLD BRIEFS

UN Cites Continuing Abuses in Iran

GENEVA (AP) — Iran continues to rely heavily on a mix of executions, torture, repression and intimidation to enforce obedience to its Islamic revolutionary ideals, the United Nations said in a report Friday.

The report to the UN Commission on Human Rights said despite international criticism the high level of executions had apparently continued unchecked. It said that out of a total prison population of about 100,000, about 19,000 were political prisoners.

The report said that at least 35 people had been executed between September and December, and that there was "persistent and widespread torture and ill-treatment, chiefly to force detainees to confess, make public statements of repentance, or inform on the organizations they belong to."

Germans Free Accused War Criminal

BERLIN (AP) — One of Germany's last big Nazi war crimes trials ended Friday with freedom for a 90-year-old Latvian who as a police commander in occupied Latvia allegedly ordered the massacre of more than 170 civilians.

After four years on trial for murder, Boleslav Minkovskis was deemed too stricken with heart disease to endure another court appearance. The former U.S. resident had last been in court in December. He left the United States in 1987 to avoid deportation to the Soviet Union, where he had been sentenced to death in absence 22 years earlier.

German authorities arrested him at his Berlin home in October 1988 and put him on trial two years later. He was able to avoid extradition to the Soviet Union because Germany will not deport anyone to a country in which they could face the death penalty. Mr. Minkovskis was not in court Friday when an expert medical witness testified that "his heart was in such bad shape even the slightest excitement could cause it to stop," a court spokesman said.

4 Dresden Rightists Held in Assault

DRESDEN (Reuters) — The police in the state of Saxony in Eastern Germany arrested four rightist youths Friday on suspicion of having kidnapped and attempted to murder a leftist opponent.

The police said the rightists, ages 17 to 21, severely beat their victim, 17, on Feb. 2. The victim had been identified by the attackers as an activist in the anti-fascist movement.

Leftist groups have been on their guard against attacks by rightist thugs following the publication by neo-Nazis last year of a list of 250 leftist opponents.

Dozens Die at Chinese Train Station

BEIJING (Reuters) — A stampede by passengers changing trains at a station in the central Chinese city of Hengyang killed dozens of people traveling after the Chinese New Year holiday, officials said Friday.

Newspapers in Hong Kong said more than 40 people had died. An official at the Hunan provincial foreign affairs office said dozens of people had been killed, but added that the total was likely fewer than 50. China's controlled state media did not carry any reports of the accident, which happened Tuesday.

Hengyang hospital workers said the stampede apparently occurred when passengers attempted to change trains. The city is a major transit point on the north-south line linking coastal cities and interior regions.

Italy Prosecutors Seek Trial for Craxi

MILAN (Reuters) — Prosecutors on Friday recommended that 102 persons, including Bettino Craxi, a former prime minister, should stand trial on corruption charges in connection with the building of part of Milan's subway system, judicial sources said. A preliminary hearing to determine if there is sufficient evidence for trials was set for April 19.

Defendants include three former executives of the industrial group Fiat and a construction executive, Salvatore Ligresti, who has testified that he paid about \$1 million in bribes to politicians for subway contracts between 1987 and 1990.

Almost all of the 102 are accused of corruption and illicit party funding in connection with the project, which added a third line to the transport system in the late 1980s. Mr. Craxi, prime minister from 1983 to 1987, dominated the Socialist Party until he was forced to step down as its leader last year because of the investigation.

For the Record

A Corsican separatist group exploded three bombs on the French mainland Friday. No one was hurt. The bomb-plant Meric in the Louvre, at the courthouse, a tax office and another official building. (AP)

President Leonid M. Kravchuk of Ukraine will meet President Bill Clinton during a visit to the United States from March 3 to 7. (Reuters)

TRAVEL UPDATE

Russia Urged to Revamp Air Control

MOSCOW (AP) — Air safety in Russia is three to four times worse than in Western countries, government experts said Friday. A panel recommended a program to modernize Russia's flight-control system and make it compatible with international standards.

Since the Soviet collapse, Russia's skies have become increasingly unsafe because of poor plane maintenance, labor unrest and economic disarray.

Aeroflot, which had been the largest airline in the world, with 4,000 aircraft, split into scores of smaller carriers. Many ignored safety and let their planes fly overloaded. Aeroflot said this month that the average Russian passenger plane is 20 years old. The daily urged the government to start buying Western planes and navigational equipment.

German and American officials signed an agreement for the United States to hand over half its Rhein-Main air base for the civilian use of Frankfurt airport, officials said Friday. The accord includes shifting U.S. military cargo units to Ramstein to make room for the transfer by the end of 1997. The base was America's key staging point in Europe for the Gulf War and intervention in Somalia. (Reuters)

KLM will halt flights from southern Holland to Gatwick as of March 27. Royal Dutch Airlines said it had suffered "increasing losses" on the Maastricht-Eindhoven-London route in the last four years. (AP)

Japan Air Lines said Friday it had applied to the Transportation Ministry to introduce discount rates on regular flights from Tokyo to Europe from April through September. The discount fares would be on average 41.1 percent lower than current fares, the company said. (AP)

Serious crime reported in New York City subways fell by 11.2 percent last year, and has declined by more than one-third since 1990, the transit authority announced. Felonies reported to the police, including homicides, rapes and attempted rapes, robberies, serious assaults, burglaries and grand larcenies, fell to 11,763, from 13,250 in 1992. The figure equals about 32 felonies a day, down from 50 a day in 1990. (NYT)

As Crime Goes Europewide, So Do Police

By Marlise Simons
New York Times Service

THE HAGUE — The transition to a Western Europe "without borders" in 1993 was heralded as a great boon for traders and travelers, yet a year after internal customs controls ended, there are signs that gangsters are also happy with the arrangement.

Vehicles crossing the 12-nation European Union are no longer checked for illegal drugs, stolen goods, smuggled arms or plutonium. The old restrictions on moving money within the region have been dropped.

A measure of how much member governments are worried that they may have created a field day for the underworld is that they have put aside police-force rivalries and are moving to a new form of integrated law enforcement to confront organized crime.

This week the region's new police agency, Europol, officially opened for business. After several years of talks and 17 months of preparation, about 50 senior police officers and their staff have moved into Europol's discreet, red-brick headquarters in The Hague. The staff is expected to double this summer and reach 300 in two years.

In its first phase, the agency will act as an intelligence service, collecting and analyzing information to support the work of each country's police force. Later, its strongest backers hope, Europol may conduct its own investigations.

"We're starting off with drug traffic and money laundering," said Jürgen Störbeck, chief of the Europol team. "Those priorities were set by the governments."

Criminal groups have expanded their activities throughout the region, to be said, doubly favored by Western Europe's lowering of borders and by the frontiers opening to the East with the end of communism.

And increasingly, European police are being challenged by Russian gangs, including stolen-car and prostitution rings and phantom-summers. Gangs in Poland, he said, have recently started to produce run and sumemptuous crimes.

Meanwhile, Europol faces a formidable task simply to collect and distribute intelligence on behalf of police forces of 12 nations that have disparate levels of development and different legal traditions.

Even choosing a language is proving tricky. Most governments agree that the agency should work in English, rather than tangle with the union's nine official languages. The snag is France, ever jealous of its language, insists that French become the second official tongue.

Germany and Spain, which supported the use of English, say now that if French is added, then their languages must be included too.

Police procedures also vary widely, complicating Europol's task. In Northern Europe, specialists say, law-enforcement agents make far more use of technical and scientific tools to provide evidence than they do in France, Spain and Greece.

For all the cobbled-together European efforts done to date, there are many gaps in the rules for everything from banking to making cars, sausages or cheeses, they have been very slow to harmonize laws affecting international criminal activity.

Britain and Italy, for instance, have tough laws against money laundering, while that may not be an offense in the other countries.

Police laws vary widely. In Italy, the police can tap telephones and wires; while Denmark, Germany and the Netherlands forbid electronic surveillance.

On the positive side, some politicians contend, Europol is already equipped to deal efficiently with drug, crime against the environment and the growing fraud against the European Union's own institutions, because common rules exist in those areas.

German Chancellor Helmut Kohl has taken Europol under his wing and has indicated that he wants it to be a robust police agency, able to pursue its own investigations. He considers this the best way to tackle organized crime, which he has called a "cancer" spreading through the European Union.

RELIGIOUS SERVICES		
AMSTERDAM		
CHURCH OF CHRIST THE KING (Episcopal/Anglican)	Sunday 10:30 a.m. 76a Wolsteijnstraat, 3. Tel: 020-451-1522 or 020-451-1523.	
INTERNATIONAL COMMUNITY CHURCH	Sunday 10:30 a.m. 1000 Meibergdreef, 102. Tel: 020-451-1523.	
MADRID		
ALL SAINTS CHURCH (Anglican/Episcopal), during restoration will meet at Viale Maha, 30. Tel: 013-520-0000.	Wednesday 10:30 a.m. 76a Wolsteijnstraat, 3. Tel: 020-451-1522.	
MILAN		
INTERNATIONAL COMMUNITY CHURCH, Evangelical, Bible Believing, services in English. Sunday 10:15 a.m. Sundays 10:30 a.m. Via S. Stefano 10. Tel: 02-760-5557.	Wednesday 10:30 a.m. Via S. Stefano 10. Tel: 02-760-5557.	
ROME		
THE CHURCH OF THE ASCENSION (Anglican)	Sunday 10:30 a.m. Chiesa di Santa Maria in Trastevere, Via del Corso 12. Tel: 06-58-3330.	
ROMA		
SAINT JOSEPH'S CHURCH (Roman Catholic), Masses every evening 8:30 p.m., Sunday 8:30 a.m. Via della Conciliazione 12. Tel: 06-58-3330.	Wednesday 10:30 a.m. Chiesa di Santa Maria in Trastevere, Via del Corso 12. Tel: 06-58-3330.	
MONTE CARLO		
INT'L FELLOWSHIP, 9 Rue Louis-Napoléon, Sunday 11:00 a.m. & 6 p.m. Tel: 01-45-55-5500.	Tel: 01-45-55-5500.	
PARIS AND SUBURBS		
HOPE INTERNATIONAL CHURCH (Evangelical)	Sunday 9:30 a.m. Hotel Odéon, Metro: 9:30 a.m. 7th arrondissement. Tel: 01-47-73-53-27.	
VIENNA		
SAINT JOSEPH'S CHURCH (Roman Catholic), Masses every evening 8:30 p.m., Sunday 8:30 a.m. Via della Conciliazione 12. Tel: 06-58-3330.	Wednesday 10:30 a.m. Chiesa di Santa Maria in Trastevere, Via del Corso 12. Tel: 06-58-3330.	
EUROPEAN BAPTIST CONVENTION		
BARCELONA		
Faith Fellowship International meets at 1800, Bona Nova Baptist Church	Parc de la Ciutadella 40. Pastor: Luis Gómez. Tel: 93-40-10-00.	
BRUSSELS		
INTERNATIONAL BAPTIST CHURCH	Sunday 10:30 a.m. Place du Luxembourg 10. Tel: 02-51-20-00.	
COPENHAGEN		
INTERNATIONAL CHRISTIAN FELLOWSHIP	Sunday 10:30 a.m. Tivoli Church, Frederiksbergvej 11. Tel: 32-12-22-22.	
HOLLAND		
TRINITY BAPTIST CHURCH	Sunday 10:30 a.m. Westerstraat 10. Tel: 02-28-28-28.	
MOSCOW		
INTERNATIONAL BAPTIST FELLOWSHIP	Sunday 10:30 a.m. Kirov Street 10. Tel: 095-25-25-25.	
BRAZIL		
INTERNATIONAL BAPTIST CHURCH	Sunday 10:30 a.m. Praia da Costa 10. Tel: 011-51-22-22.	
ITALY		
INTERNATIONAL BAPTIST CHURCH	Sunday 10:30 a.m. Via XX Settembre 10. Tel: 06-58-3330.	
STRASBOURG		
ST. ALBAN (Anglican) at Eglise des Dominicains, Escale 10:30 a.m. Sunday 10:30 a.m. Tel: 03-88-35-03-40.	Tel: 03-88-35-03-40.	
TOKYO		
ST. PAUL INTERNATIONAL LUTHERAN CHURCH	Sunday 9:30 a.m. Iidabashi Str. 10. Tel: 03-374-1000.	
TOKYO UNION CHURCH		sunday service 8:30 & 11:00 a.m. SS, 9:45 a.m. Every Sunday, EVERYONE IS WELCOME. Tel: 03-374-1000.
VIENNA		
VIENNA CHRISTIAN CENTER, A CHARISMATIC FELLOWSHIP FOR VIENNA'S INTERNATIONAL COMMUNITY, "English Language" Trans-denominational, meets at Hallespeil 17, 1070 Vienna, 8:30 p.m. Every Sunday, EVERYONE IS WELCOME. Tel: 01-318-44-10.	For more information call 01-318-44-10.	
THE EPISCOPAL CHURCHES OF EUROPE (Anglican)		
PARIS and SUBURBS		
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THE AMERICAS / MOSCOW AND THE TEAMS

POLITICAL NOTES

U.S. Shifts on Race-Based Aid

WASHINGTON — The Clinton administration announced its long-awaited policy on the use of minority scholarships, reversing the 1991 ruling by the Bush administration that said many of them were illegal.

The new policy encourages colleges, some of which had stopped offering these scholarships, to use them to promote diversity on campus and correct historic discrimination.

Recognizing the legal problems surrounding these scholarships, which have been challenged in court, the administration said the financial awards that seek to achieve a diverse student body must be "narrowly tailored." A school may have to show, for instance, that it explored other alternatives to achieve diversity before awarding scholarships on the basis of race.

The policy also states that college aid awarded by race or national origin is legal when authorized by a specific federal statute, such as the Patricia Roberts Harris Fellowship awards for minorities.

"We want the doors to post-secondary education to remain open for minority students," said Education Secretary Richard W. Riley. "This policy achieves that goal in a manner that is consistent with our law."

But opponents contend that these scholarships unfairly discriminate against white students. They insist that race-specific scholarships violate the 1964 Civil Rights Act, which prohibits discrimination on the basis of race, color or national origin in federally funded programs.

"It's really not important what the Department of Education says at all, because the issue will ultimately be decided by the courts," said Richard A. Samp, chief counsel at the Washington Legal Foundation. "My feeling is the trend in the courts in recent years is to strike down virtually all race-based programs."

Mr. Samp also represents Daniel Podberesky, a Hispanic student who sued the University of Maryland in 1990 over their scholarships for black Americans. Mr. Podberesky, now a senior, contends that the scholarships violated his civil rights.

Nearly two-thirds of all U.S. colleges offer race-targeted scholarships, but since 1991 their legality has been in limbo. At that time, the Bush administration issued a policy that was viewed as severely restricting colleges from using their own money for minority scholarships. Michael L. Williams, then

head of the Education Department's Office of Civil Rights, set off a national uproar over his interpretation that many of these scholarships were illegal.

Last month, the General Accounting Office found that minority scholarships accounted for 4 percent of all the scholarship money colleges awarded and 10 percent of the money awarded for law and other professional schools.

Supporters of the scholarships use the figure to bolster their argument that these scholarships are vital to the national interest of greater diversity if they account for a small amount of aid. (WP)

Firm Boasts of White House Ties

NEW YORK — A letter sent by Hillary Rodham Clinton's former law firm to a potential client bragged about the law firm's connections with the Clinton administration, according to a copy of the letter obtained by CBS News.

"The Rose Law Firm has developed relationships with officials who are now in the Clinton administration and members of the Congress," said the letter to a potential client in the telecommunications field, as quoted by CBS.

It goes on to promise that the client's position will be presented in a way that "will provide the best understanding by the lawmakers."

A lawyer for the Little Rock, Arkansas, law firm told CBS that "there was no suggestion of any impropriety at all." (Reuters)

Touch of Pinkeye for President

WASHINGTON — President Bill Clinton says that the puffy, bloodshot condition of his left eye was caused by conjunctivitis, but that his doctors had told him the infection would be cleared up in a few days.

"I have a little conjunctivitis, I'm fine," he said.

"The doctor says it's great," he added. "I just have to take some drops and I'll be all right in four or five days."

(Reuters)

Quote / Unquote

Hugh Rodham, Hillary Clinton's younger brother, recalling the time when they played rocket ship in the family basement: "She would always drive and I would always have to sit in the back."

(NYT)



SYMPATHETIC SMILE — Hillary Rodham Clinton during a visit to the National Institutes of Health, having a chat with a 3-year-old boy who suffers from a hereditary kidney disorder.

U.S. Women Get Abortion Pill Offer

By Tamar Lewin
New York Times Service

NEW YORK — In a move prompted as much by pressure politics as practical concern, a British clinic will begin providing the abortion pill RU-486 to American women, but only if they are willing to go to England and pay \$300 to terminate their pregnancy.

Helen Arby, director of the Marie Stopes Health Clinic in London, said Thursday that she had reached an agreement with a representative of Britain's Department of Health allowing the clinic to offer RU-486

to American, women and other nonresidents.

Until now, British health authorities have forbidden the drug to be dispensed to nonresidents.

Ms. Arby and the president of Planned Parenthood in the United States expressed hope that the increased availability of RU-486 would help increase pressure on the French company that owns rights to the drug to allow its sale in the United States.

"We clarified the rules in a conversation yesterday with one of the people in the Health Department

who is responsible for our licensing," said Ms. Arby, who refused to identify the official who approved the plan.

We have had many inquiries about RU-486 from nonresidents, particularly American women. This has been a very gray area of the regulations. But the Health Department has now agreed that we can make RU-486 available as long as the woman will stay overnight at the clinic on the day of her miscarriage.

Pamela Maraldo, president of Planned Parenthood, said she would immediately notify all of the group's affiliates in the United States that women who wanted to avoid a surgical abortion could be referred to the British clinic for RU-486.

Kevorkian Is Ordered to Stand Trial in Michigan Assisted-Suicide Case

The Associated Press

DETROIT — A judge Friday ordered Dr. Jack Kevorkian to stand trial, turning down a request to dismiss the remaining assisted-suicide charge facing him.

Judge Thomas Jackson of Recorder's Court set an April 19 trial date for Dr. Kevorkian in the death of Thomas Hyde, 30, who suffered from Lou Gehrig's disease and died last summer.

Dr. Kevorkian, an outspoken advocate of medically assisted suicide for the terminally ill, said a trial would be a "farce." His lawyers had asked the court to dismiss the

charge, citing a previous ruling that the state's ban on assisted suicide was unconstitutional. Three other assisted-suicide charges have been dismissed by the courts on various grounds.

NATO Maneuvers in Norway

OSLO — About 14,000 North Atlantic Treaty Organization troops from a total of nine countries are to begin mounting rapid-response maneuvers in northern Norway on Monday. NATO officials said.

Russians Detail U.S. Pressure on Missing GIs

New York Times Service

WASHINGTON — Russian officials complained in November that State Department officials were discouraging them from releasing documents about prisoners of war in Vietnam, according to a classified cable made available by U.S. officials who are angry about President Bill Clinton's decision to lift the trade embargo against Vietnam.

According to the cable, the Russians said they were receiving a mixed message from Washington: While many U.S. officials were pressing them to turn over as many documents as possible about soldiers missing in Vietnam, other officials were telling them that releasing such documents would hurt U.S.-Russia relations.

State Department officials vigorously denied that they had told the Russians not to disclose documents and said they had repeatedly pressed Moscow to produce whatever documents it had.

President Clinton said last year that he wanted the fullest possible accounting of the fate of more than 2,200 Americans missing in Indochina.

The officials who provided the document were concerned that it indicated that some State Department officials were flouting the president's policy in order to avoid embarrassing disclosures from Soviet archives, which could delay lifting the embargo.

Last spring, the discovery of a 1972 document from Soviet archives that seemed to indicate that Vietnam had held more than the acknowledged number of prisoners stalled U.S. movement toward lifting the embargo.

The cable points to the divisions in the government on lifting the Vietnam embargo and on whether Hanoi was fully cooperating in accounting for missing Americans.

Some lower-level officials have been frustrated that other officials have not pressed Moscow and Hanoi as hard as they would like to turn over information.

Mr. Clinton lifted the trade embargo Feb. 3, saying that Hanoi had cooperated in providing a full accounting of the missing Americans.

The cable dated Nov. 12, said a prominent Russian official had said Russian Foreign Ministry officials had heard from unidentified State Department officials that they "were not pleased" with the release of the 1972 document.

According to the cable, the Russian official, Lieutenant Colonel Sergei N. Osipov, in liaison with U.S. MIA investigators in Moscow, said the Russian Foreign Ministry had heard that State Department officials "were discouraging further release of such documents."

The cable was sent by the U.S. head of the

Moscow office of Task Force Russia, a U.S.-Russian group that seeks information from Moscow about Americans missing from the Vietnam and Korean wars. The cable was sent under the name of Thomas R. Pickering, the U.S. ambassador to Russia.

Mr. Pickering said that he could not understand how the Russians had received a mixed message, asserting that Washington had repeatedly asked for all information.

Task Force Russia sent the cable shortly after Winslow Lord, assistant secretary of state for East Asia, met with Russian officials.

Several Americans who used to work on Task Force Russia said the cable showed that some State Department officials were so eager to have the embargo lifted that they would even urge Moscow not to release documents that put Vietnam in a bad light.

Colonel William LeGro, a former special assistant to the director of Task Force Russia, said: "Some officials were trying to convince the president that the Vietnamese had cooperated 100 percent in resolving the MIA issue and that the embargo should be lifted. Therefore they said, 'We don't want any more of this incriminating evidence to become public.'

Mr. Lord angrily denied that any State Department officials discouraged the Russians from releasing additional documents.

"No one in the State Department would say, 'We don't want documents,'" Mr. Lord said. "The reported position by the Russians of what some State Department people said is directly contrary to official United States policy. Anyone who would have said that would be fired."

A person who attended a meeting in Moscow in October between Mr. Lord and the deputy foreign minister at the time, George F. Kusnezov, said verbatim notes showed Mr. Lord thanked the Russians for providing documents and urged further cooperation.

State Department officials said they sent a cable Nov. 13, underscoring that Washington wanted all relevant documents and testing reports that Russia had agreed not to release such files without first consulting Hanoi.

One U.S. official familiar with the contents of the cable said Colonel Osipov was known to be reluctant to release Vietnamese-related documents and may have concocted the story that State Department officials had urged Moscow not to release them.

Under this interpretation, Colonel Osipov was trying to ward off pressure to release documents, knowing that they could embarrass Moscow. Some U.S. intelligence officials said the colonel is a former KGB agent.

He did not return two calls to his office.

—STEVEN GREENHOUSE

President Keeps On Truckin'

He Raises Eyebrows With Memories of '70s Pickup

By Douglas Jehl
New York Times Service

WASHINGTON — Bill Clinton had some explaining to do.

Ever since he spoke last week of his fond recollections of an El Camino pickup, his audience at a Louisiana truck plant and those who watched his comments replayed on television have been left in titillated confusion. Mr. Clinton confided that he had lined the truck bed with Astrotrux, adding with a sly grin, "You don't want to know why, but I did."

Interviewed by telephone on a New York talk-radio program Thursday morning, Mr. Clinton jokingly tried to put the speculation to rest.

"It wasn't for what everybody thought it was for when I made the comment, I'll tell you that," he protested. "I'm guilty of a lot of things, but I didn't ever do that."

It was for hauling luggage, Mr. Clinton explained, that he had put the carpet of synthetic grass in the back of the small truck-car hybrid, which back in the early 1970s was the only vehicle he owned. But even as he feigned shock at how low some minds must have sunk, he seemed just a bit reluctant to dispel an image that made auto workers guffaw and made others wonder about Monsanto's scratchy contribution to spoiling.

Told by Don Imus, the host of WFAN's "Imus in the Morning," that his denial sounded a bit "like saying you didn't inhale," Mr. Clinton replied: "No, it's just that I didn't inhale in the back of a pickup."

In 25 minutes of banter that mixed earnest with wacky, Mr. Clinton also confessed to Mr. Imus and his rush-hour audience that while he did his best to abide by his diet, he sometimes lost control.

"I was transported," Mr. Clinton said of the orgy of eating that he began Tuesday afternoon at a small-town Ohio delicatessen.

"This guy had been a butcher's assistant when he was 13 years old and had finally saved enough money to buy a car," Mr. Clinton said. "I think he had 15 grand, and he made this Clinton Burger," the president recalled. "And I thought, well, I'm going to try to put the speculation to rest."

"And then I went to this restaurant in downtown Columbus and talked to those folks about health care, and I asked them what they thought I ought to have, and they said, 'I ought to try the corned beef on pumpernickel,' the president said. "That's what I did. They said that's what was good, so I tried it."

Mr. Clinton admitted that he had gone on to sample an apple fritter that someone present described as "the size of a baby's head," although he insisted he only had one bite.

Away From Politics

• A particularly dangerous form of cholesterol appears to be the single most powerful trigger of strokes, a study concludes, detailing a discovery that may someday help doctors control them. Researchers found that people with high levels of this substance, called lipoprotein (a), are more than 20 times more likely than those with lower levels to suffer strokes. The results of the Austrian-American study were presented at a meeting of the American Heart Association.

• Lawyers for 11 Branch Davidians accused of killing four federal agents during a raid last Feb. 28 have rested their case in San Antonio, Texas, without calling any of the defendants to the stand. Final arguments will begin Tuesday.

• The first woman to take day classes at The Citadel says she's been the target of hisses, obscenities and slurs aimed by anonymous members of the all-male corps of cadets she's suing to join. "If they're not brave enough to come up to my face and say it, then what kind of character is that?" Shannen Faulkner asked.

• Steven Hoffenberg, who once tried to buy the New York Post, has been charged in New York with securities fraud and obstruction of justice for allegedly falsifying records of his financial company. He was freed on \$1 million bond.

• A legal skirmish has erupted at the U.S. Naval Academy over 47 midshipmen's claims that they were intimidated into making incriminating statements during investigation of a cheating scandal. The midshipmen have alleged in a suit in U.S. District Court that navy investigators cursed them, threatened them with military prison and denied them access to attorneys during questioning about cheating on a 1992 electrical engineering exam.

AP, NYT, WP, Reuters

The Mudslinging Starts in North's Bid for Senate

By Kent Jenkins Jr.
Washington Post Service

WASHINGTON — What had been a fairly polite campaign for Virginia's Republican nomination to the U.S. Senate got nasty as a supporter of James C. Miller 3d called Oliver L. North a liar and a North side accused Mr. Miller of dodging the draft during the Vietnam War.

The exchange began when John Singlaub, a retired army general and a vocal critic of Mr. North who once served as conduit for arms in the Iran-contra affair when he was a White House aide, led a news conference Thursday at which a group of retired officers endorsed Mr. Miller, a former Reagan administration budget director.

In interviews afterward, General Singlaub questioned Mr. North's honesty, saying that the former White House aide who was a key figure in the plot to sell arms to Iran and divert the profits to the Nicaraguan rebels, "was lying to me as he was to his other colleagues."

"He would lie to protect himself," General Singlaub said. "He fantasized so many things."

The campaign office of Mr. North, a former Marine lieutenant colonel, responded by releasing copies of Mr. Miller's draft record, which indicate that he was granted a student deferment while studying for a doctorate in the mid-1960s. Although it did not challenge the legality of Mr. Miller's draft status, a spokesman alleged that he "took four education deferments to avoid serving in Vietnam."

Mr. Miller acknowledged the deferments, but said he did nothing wrong and was willing to serve in the military had he been drafted.

The race for the seat now held by Senator Charles S. Robb, a Democrat, is entering a critical phase. Although the Republican nominee will not be chosen until the state party's convention in June, convention delegates will be picked at local caucuses next month. In some cases, the deadline for registering to participate in these caucuses is just 10 days away, making it important for Mr. North and Mr. Miller to line up conservative support now.

Mr. Miller "is the one who slung mud today," the spokesman said. His draft record "has been sitting out there, and we didn't use it until he attacked us."

Mr. Miller shot back, saying that Mr. North "claims he will never speak ill of an opponent, and then he sends his paid minions out to attack me."

"If he wants to involve himself in a mudslinging contest, I've got a barrel full of mud on my side. He's only got a pail full, if that."

General Singlaub has been a critic of Mr. North for several years.

During the mid-1980s,

L.A.: Californians Heading East

Continued from Page 1
date there is no statistical record of a post-earthquake exodus.

But it is not hard to find anecdotal evidence that some people are leaving.

Ten people were interviewed for this article who have either already gone or have firm departure plans.

All of them said they had been thinking about moving for some time. The earthquake gave them a sense of urgency.

For Marlene Besso, paradise was changed irrevocably with the 1992 riots.

But she would not consider giving up her rent-controlled apartment in Santa Monica until the earthquake that occurred a month ago.

"The earthquake was the most horrifying experience of my life," said Ms. Besso, a bookkeeper from Buffalo, New York.

"I was all alone. Immediately I said, 'I'm out of here.'

One indicator of the level of unease is a recent Field Poll, taken in late January, in which 7 percent of those surveyed in Los Angeles County said they were very likely to move because of the quake.

Thirty percent said they have considered moving because of fears of another earthquake.

Since the Jan. 17 earthquake, which measured 6.7 on the Richter scale and killed 61 people, the

Phoenix Chamber of Commerce has been receiving 40 to 50 calls per day from Southern Californians wanting relocation information.

The Las Vegas Chamber reports double the number of such requests from Californians since January.

Just about everyone seems to know of someone who began packing after the earthquake.

Bill Dertouzos, a chef at a Beverly Hills restaurant, said his next-door neighbor, whose name he never learned, held a lawn sale shortly after the earthquake and then left.

"He said to me, 'Are you still here?'" said Mr. Dertouzos, a native New Yorker, adding that he plans to be gone within a year.

Joséfina Vidal, the feature editor for *La Opinión*, the primary Spanish-language newspaper in Los Angeles, said that at a shelter two weeks ago she met a group of 23 Mexican immigrants — three large families and their friends, all legal, longtime residents of Southern California — who were on their way to Dallas.

They had already been considering a move because of the poor economy, Ms. Vidal said.

Southern California was supposed to be the easy life.

It still is, on good days.

But lately the good days have been fewer in number.

BOOKS

THE BILLION-DOLLAR MOLECULE:
One Company's Quest for the Perfect Drug
By Barry Werth. Illustrated. 445 pages. \$25. Simon & Schuster.
Reviewed by Christopher Lehmann-Haupt

MOST life-saving drugs have been discovered by figuratively sifting through samples of dirt from all over the globe, or screening,

as the process is called. As Barry Werth reports in his razzle-dazzle new saga of science, "The Billion-Dollar Molecule: One Company's Quest for the Perfect Drug," one experimental drug called FK-506 was found in a dirt sample from a mountainside in Japan.

FK-506 suppresses the human immune system, which has allowed a medical pioneer, Dr. Thomas Eard Stazi of the University of Pittsburgh, to perform wonders of transplant surgery, like entire intestines.

But FK-506 is toxic and has proved fatal in experiments with dogs.

This is where the hero of Werth's story, Joshua Boger, comes in. Boger is a chemist who early believed that with the advances of science and technology, drugs could be designed instead of discovered by screening, which process he has decided as a "monkey with typewriters" approach to medicinal chemistry.

As Werth reports, Boger envisioned designing a version of FK-506 that would suppress the immune system without adverse side effects. The result would not only facilitate organ transplants but would also imply cures for autoimmune diseases and an understanding of how the AIDS virus might be disabled. Such a drug could earn millions of dollars in the highly profitable biotechnology industry.

Continued from Page 1

layoffs and shutdowns of unprofitable production lines.

As yet, few companies have gone bankrupt and most are still avoid-

ing outright layoffs. Instead, a popular Russian version of economic depression is being manifested, in which most people work only in theory and get paid

that way too. It is unclear how long such a situation can last, but there is no question that the trend of "temporary" closings and vacancies has picked up over the last two months, convincing many here that Russia has entered a new stage of economic hardship.

The crunch has developed gradually over two years, as factories have struggled to find ways to make up declines in sales and subsidies or postpone tough measures.

A few have found new markets, often foreign, to take up the slack. Some have retooled their production lines toward sought-after consumer goods. Most have just waited and hoped for the best, reducing working hours and eliminating a workshop here or a line there to save money as debts mounted.

Many have simply stopped paying their bills and taxes, while their customers, including the government, have stopped paying them; such inter-enterprise debts are now estimated at nearly \$10 billion.

Officially, Russian unemployment now stands at less than 2 percent. But that does not count the millions of people who have not been paid in months because their factories are out of money or who have been on imposed "vacations" for months at partial pay or none. Last week the International Labor Organization estimated that actual unemployment here is at least 10 percent and rising.

It is already apparent that no sector of the economy is immune, and strikes, once unheard of here, are breaking out across the country. The once mighty military-industrial complex has been one of

the hardest hit with the drop-off in state procurements, and many factories are working only fitfully.

At the Krasnoyarsk Machine Building Factory, once one of the largest Soviet missile plants, hundreds of angry workers blocked the administration building last week because they had not been paid in four months. Many workers have been put on enforced leave, with several sections completely shuttered, and the factory has been forced onto a three-day workweek.

The automobile industry is also struggling. At ZIL, which in addition to limousines produces huge inefficient trucks, the number of employees has dropped in the last year from about 70,000 to 39,000. And now half of the current employees are on partially paid leave while thousands of trucks sit unused in the plant's compound.

For many Russians, the most dramatic statement of the current economic distress occurred last week when the country's largest vodka distillery, Kristall, announced that plummeling sales were forcing it to send 700 of its 1,200 workers on unpaid leave for two weeks. Officials said the factory, whose brands include Stolichnaya, had never stopped production in peacetime during its 99-year history.

Kristall's managers blamed an increase in excise taxes for making their brands too expensive for most Russians and costing them millions of dollars during the crucial New Year's holidays. The government responded swiftly by rescinding the tax increase and suggesting a further tax cut might be in order.

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Kristall's managers blamed an increase in excise taxes for making their brands too expensive for most Russians and costing them millions of dollars during the crucial New Year's holidays. The government responded swiftly by rescinding the tax increase and suggesting a further tax cut might be in order.

In the automobile industry, the

crunch has developed gradually over two years, as factories have struggled to find ways to make up declines in sales and subsidies or postpone tough measures.

A few have found new markets, often foreign, to take up the slack. Some have retooled their production lines toward sought-after consumer goods. Most have just waited and hoped for the best, reducing working hours and eliminating a workshop here or a line there to save money as debts mounted.

Many have simply stopped paying their bills and taxes, while their customers, including the government, have stopped paying them; such inter-enterprise debts are now estimated at nearly \$10 billion.

Officially, Russian unemployment now stands at less than 2 percent. But that does not count the millions of people who have not been paid in months because their factories are out of money or who have been on imposed "vacations" for months at partial pay or none. Last week the International Labor Organization estimated that actual unemployment here is at least 10 percent and rising.

It is already apparent that no sector of the economy is immune, and strikes, once unheard of here, are breaking out across the country. The once mighty military-industrial complex has been one of

the hardest hit with the drop-off in state procurements, and many factories are working only fitfully.

At the Krasnoyarsk Machine Building Factory, once one of the largest Soviet missile plants, hundreds of angry workers blocked the administration building last week because they had not been paid in four months. Many workers have been put on enforced leave, with several sections completely shuttered, and the factory has been forced onto a three-day workweek.

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THE ALLIED THREAT / DURATION OF THE WAR

NATO and Its Future in Bosnia: Too Many Questions, Too Few Answers

By Craig R. Whitney
New York Times Service

BONN — Even if the NATO allies do not drop a single bomb around Sarajevo next week, diplomats say the alliance — and the United States — have now become militarily involved in the conflict in a way they have never been before.

The question is how long they will stay involved, and whether they are prepared to stick it out long enough to devise a strategy that will end not just the shelling of Sarajevo but the war itself.

If the Bosnian Serbs do finally withdraw their heavy weapons by Sunday night, saving face by dealing through Russian intermediaries instead of bowing to NATO's threat to start bombing if they did not comply, the allies can claim success. But if this happens, the North Atlantic Treaty Organization's critics will argue that it could have prevented the siege, and the war, in the first place if it had only acted earlier.

Although NATO is prepared to bomb weapons not under UN control within a radius of 20 kilometers (12 miles) from the center of Sarajevo after the deadline expires, UN authorities in Zagreb said Friday that they expect the Serbs would comply by Saturday night.

A NATO spokesman in Brussels said the alliance would

not insist on claiming credit for success if the Serbs pulled their weapons out.

"If Russian pressure will help, we welcome that, but there should be no misunderstanding," he said. "If after the deadline, weapons outside UN control are found within the zone, they will be subject to strikes."

A NATO diplomat also said that bombs could start

NEWS ANALYSIS

falling even if only a few Serbian weapons had not been withdrawn by Sunday night.

"The blood lust is up in Washington," he said, "but even if the guns are taken out of the zone, it is only a tactical withdrawal that in no way changes the Serbs' strategic goal of a united Serbia."

"We can't allow the guns to come back in," the diplomat said, "but what do we do next? The fundamental problem is still the lack of a clearly defined strategic goal."

Even if Sarajevo never again suffers the murderous kind of shelling that killed 68 people in the marketplace on Feb. 5 and finally spurred the allies into action, the war, in this view, will go on in Bihać, in Tuzla and elsewhere in Bosnia-Herzegovina unless the allies finally come up with a strategy to end it.

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not insist on claiming credit for success if the Serbs pulled their weapons out.

"If the Serbs withdraw their weapons and use them elsewhere, is NATO going to threaten to bomb them?" he said.

"If the Serbs bring back the weapons and fire at Sarajevo again, is NATO going to stop them?"

"If the Bosnian Muslims try to use the withdrawal to seize back captured territory around Sarajevo, will the United Nations or NATO stop them?"

"If NATO is willing to use air power to bring about a cease-fire in Sarajevo, why not anywhere else?"

"And finally, if the Serbs do not withdraw, if the bombs start falling and if the Serbs retaliate against the UN peacekeeping forces on the ground, how long is NATO willing to keep flying to protect them?"

NATO's credible but limited threat to use force for the first time in its 45-year history, combined with the constructive assistance the allies hoped for from the Russians, may have deterred further atrocities in Sarajevo.

"But they continue elsewhere in Bosnia-Herzegovina, and may not stop until the alliance develops a long-term strategy to back diplomatic efforts to end the war and deter others in the ethnic snake pits elsewhere in Eastern Europe, including the young republics of the former Soviet Union."

U.S. Keeps a Close Watch on Sarajevo

They Know Exactly What They Have to Do,' State Dept. Aide Says of Serbs

By Douglas Jehl
New York Times Service

WASHINGTON — The United States said Friday that it would be watching closely to ensure that Serbian forces around Sarajevo honored a NATO ultimatum that takes effect Sunday night.

It warned again that a violation would be punished by air strikes.

"They know exactly what they have to do," said Michael McCurry, the State Department spokesman referring to the NATO demand that the Serbs remove heavy weapons from around Sarajevo or put them under United Nations control. "They know what will happen if they don't comply."

"The test will be in their actions on the ground," said Dee Dee Myers, the White House spokeswoman. "The NATO decision has not changed."

[A senior White House official said that President Bill Clinton was likely to make a statement to the American people on Saturday to explain why the United States might be involved in air strikes in Bosnia. Reuters reported.]

As a senior Russian official warned that air strikes could lead to "all-out war" in Bosnia, Mr. McCurry acknowledged that Moscow remained less sympathetic to the restoration of the NATO threat.

But he said that Russian officials had been less alarmist in private conversations with their U.S. counterparts and said representatives of the two countries would meet in Europe next week in an effort to forge a common approach to peace in the region.

The State Department spokesman praised the Russian decision to send 400 troops to help in the peacekeeping around Sarajevo. But he

emphasized that the soldiers would be under UN command, and reiterated the NATO threat despite the stern warning from Deputy Foreign Minister Vitali I. Churkin of Russia that such talk was counterproductive.

"The important thing is that at this point is to see actions from the Serbs because, as you know, in the past we've seen plenty of words," Mr. McCurry said.

U.S. officials acknowledged Friday that heavy cloud cover has made it impossible for U.S. reconnaissance satellites to measure the extent of the Serbian withdrawal from the area around Sarajevo. They were relying instead on reports from UN officials on the ground.

With the United States trying to maintain its focus on the Bosnian capital, U.S. officials said they were not yet ready to see how they would respond to a new UN report concluding that as many as 5,000 regular Croatian Army troops may remain in Bosnia.

That would violate a pledge made by the Croatian government, and could trigger the economic sanctions that have been weighed for weeks by the United States. The State Department said it would wait until next week to raise the matter at the United Nations.

Cautious Optimism in U.S.

Defense Secretary William J. Perry said that he was "cautiously optimistic" about the developments of the last few days, news agencies reported from Washington.

Mr. Perry will go to Aviano Air Base in Italy on Sunday for a meeting with the defense ministers of key allies.

Mr. McCurry, the State Department spokesman, was adamant that the Sunday ultimatum only applied to the Sarajevo area and did not

prevent the Bosnian Serbs from continuing to shell other civilian populations.

"The NATO ultimatum clearly does not address the redeployment of that artillery to other places within Bosnia," he said.

"There does arise the possibility that the fighting can continue elsewhere, as fighting has continued in recent days in Bihać and Vitez and other places with Bosnia," he said.

France also warned Friday that the Western alliance remained determined to implement the ultimatum if its conditions were not met.

"The decision announced yesterday by the Serbs under Russian pressure is positive, but we are used to so many unfulfilled commitments, unexpected cease-fires and broken words that we shall have to see before deciding," Foreign Minister Alain Juppé said in Périgueux, southwestern France.

Mr. Juppé implicitly rejected a warning from President Boris N. Yeltsin of Russia to President François Mitterrand of France against NATO air strikes on Bosnian Serbs if the ultimatum was not respected.

"If the ultimatum is not satisfied," Mr. Juppé said, "the Atlantic alliance in coordination with the United Nations will have to do what it has previously announced. It's a matter of credibility."

Mr. Mitterrand's office said a message delivered by the Russian ambassador, Yuri Rhyzov, on Thursday warned against the "terrible consequences" of an air strike.

Mr. Juppé said that the withdrawal of the heavy guns was only the first step, which must be followed by allowing freedom of movement for people and humanitarian convoys in the Sarajevo area and putting the district under UN administration.

(Reuters, AP)

THE COST OF LIVING By Harvey Estes

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International Herald Tribune

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A Political Sale to Saudis

In the highly politicized market for jet airliners, Bill Clinton has just scored a great coup. He has persuaded Saudi Arabia to buy \$6 billion worth of American planes. The Saudis intend to replace the fleet of their national airline, but they originally proposed to divide the order between Boeing and Airbus, the European consortium. After intense lobbying by President Clinton personally and several members of his cabinet, King Fahd changed his mind and decided instead to buy only American planes from Boeing and McDonnell Douglas. That is splendid for employment in the American aerospace industry. But in the future, neither the American aircraft companies nor their friends in Washington will be able to complain, as they have done bitterly in the past, about other governments' interference in aircraft sales.

Mr. Clinton would no doubt say that he was only doing what the heads of European governments have always done in behalf of their companies. That is true, but political interest is rarely absent from any of these sales. No one understands that better than the Saudis. They know that they have now done Mr. Clinton a huge favor with a very positive impact in a state — California — where he needs all the help he can get. They hope he will remember that, the next time the shadow of a

threat falls across their kingdom. They also know that their style of government, a medieval monarchy, lies at some distance from the democratic ideals that the United States actively promotes in most other places. They like to give Americans good reason to stay off that delicate subject in their country.

The \$6 billion for civilian jets is a relatively small amount compared with the \$30 billion in American military equipment that Saudi Arabia has on order. Because of the current low prices of oil, the Saudis have had to stretch out many of these purchases. Despite these obvious financial strains, the Clinton administration says it is not worried about the Saudis' ability to pay for the new planes.

Relations between Saudi Arabia and the United States have become increasingly close over the years. They begin with oil. But Saudi Arabia is a thinly populated country, mostly desert, surrounded by many enemies. The Saudis find it prudent to recycle some of their oil wealth back into the U.S. economy in ways that make useful friends — in this case, by helping to soften the effects of the cuts in American defense spending. In return they ask only that Americans in power think kindly of their country, and of the convenience of keeping it safe and stable under its present regime.

— THE WASHINGTON POST.

Incentives for Iraq, Too

What is the best way for America to coax a secretive, unpredictable and sometimes bellicose "rogue regime" to abandon efforts to make prohibited weapons like nuclear bombs or chemical and biological agents? In the case of North Korea, a deft diplomatic mix of economic incentives and threats of trade and financial sanctions is beginning to yield encouraging results. Yet in the case of Iraq, the Clinton administration clings to the purely punitive approach that it inherited from George Bush.

United Nations arms inspectors now fear that U.S. reluctance to lift sanctions on Iraqi oil exports, in exchange for Baghdad's full compliance with arms control demands, could undermine the Iraqi cooperation that it inherited for their efforts to succeed.

The Gulf War revealed that Iraq had been secretly developing a wide range of mass-destruction weapons, including nuclear bombs, medium-range missiles and both chemical and biological weapons. Making it impossible for Iraq ever again to manufacture or possess such weapons rightly became the top UN priority after the war.

Security Council Resolution 687, approved and largely drafted by the United States to ratify the cease-fire terms, reflected that priority. It states that once the council finds Iraq in full compliance with all provisions relating to the destruction and monitoring of prohibited weapons, UN sanctions against Iraqi oil exports "shall have no further force or effect." Eager to resume those oil sales, Iraq has been

broadly cooperating with UN arms inspectors, although problem areas remain and long-term monitoring has barely begun. But Washington strongly hints that it will block the lifting of oil sanctions until Iraq meets other unrelated Security Council demands, like recognizing the new Kuwaiti border and curbing repression of Kurds and Shiites.

Iraqi officials now warn that Saddam Hussein could order them to stop cooperating with arms monitors if the Security Council does not mean to honor its own language. There is political gamesmanship in these Iraqi warnings. Yet Washington would serve no useful purpose by unilaterally rewriting the rules.

Before the Security Council can deem Iraq in full compliance with its arms obligations, Baghdad must establish confidence that it would keep cooperating with UN monitors even after oil sanctions end. One precondition for such confidence is that Iraq build up a record of cooperation over an extended period of time, probably at least six more months. Other aspects of Iraqi behavior can legitimately be considered, but only to the extent that they directly bear on the confidence issue.

The point of sanctions is not to punish malefactors to eternity, but to make stubborn governments, even "rogue regimes," do what they otherwise would not. That requires good faith on both sides of the sanctions bargain. If Baghdad can fairly meet the conditions of the Security Council resolution, it should qualify for the promised relief.

— THE NEW YORK TIMES.

Face-Lift for Foreign Aid

Responding to its own inclinations as well as to bipartisan demands in Congress to improve the looks of foreign assistance, the Clinton administration performed radical reconstruction on the aid program last year. The face-lift did not come about without causing some trauma up and down the ranks of the Agency for International Development. As a result of the surgery, foreign aid has a new lease of life.

Building on the 1989 Hamilton-Gilman report, a Bush administration reform proposal, and the Wharton foreign assistance task force report (named for former Deputy Secretary of State Clifton Wharton), the administration drafted a new bill that trims away 33 separate aid goals and 75 priority areas that Congress had forced on a succession of Democratic and Republican administrations. The new measure also paves away numerous funding earmarks and outdated country restrictions, all Cold War relics embedded in the 33-year-old aid statute. Gone, too, is the Economic Support Fund, which the administration rightly sized up as a program singularly unsuited to a world no longer threatened by communism.

What has emerged is a smaller and neater measure with a less invasive set of foreign aid policies and objectives. That, at least, is the appearance offered by the foreign assistance

act rewrite. But even with the bill's new facade, it is fair to ask whether there is much else that is new or different underneath. Looking at the fiscal year 1995 foreign aid budget, it isn't at all clear that there is.

While the bill's titles and nomenclature have changed — this year's foreign aid rallying cry is called "sustainable development" — the lion's share of the Clinton aid dollars will continue to flow in a familiar pattern. The former Soviet Union and the Middle East will garner more than half the funds in this year's foreign aid budget. That is about as it was before. There is no assailing the rationale for making such massive investments; promoting democracy, open economies and the peace process serves American interests. But when set-asides for protected foreign countries are subtracted, not much is left in the AID budget for all the other countries with equal needs and a commensurate ability to use scarce resources effectively.

The administration should be commended for producing a long overdue aid reform bill. Now it is up to Congress to agree to a new statute — and also a new budget that sets priorities according to America's true capacity to deliver what is needed.

— THE WASHINGTON POST.

Other Comment

A World Away From Geneva

What on earth does the White House think it is doing? Hot on the heels of Japan's (sensible) rejection of American demands for numerical targets to boost American firms' sales in Japan, the Clinton administration has threatened trade sanctions and battered financial markets. After meeting in Washington between Bill Clinton and Morihiro Hosokawa had broken down rancorously, the yen spiked upward against the dollar, and administration officials talked publicly about a weaker buck. Since American interest rates recently rose, and Japanese ones are likelier to fall than rise, this is

mystifying: if a weak dollar is what the White House wants, it is unclear, to say the least, how it hopes to achieve it.

All this smelly horribility of the summer of 1987, when a row between American officials and German ones ended in a world stock market crash in October. As stock markets again look vulnerable to a change in investors' mood, the White House's blend of trade war and policy confusion is at best reckless. It is all a world away from Geneva just nine weeks ago, when delegates to the General Agreement on Tariffs and Trade worked around the clock to conclude the Uruguay Round of trade talks.

— The Economist (London).

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U.S.-Japanese Trade Disputes Need a Quiet Forum

By Jimmy Carter

ATLANTA — Ever since Japan became one of America's most important trade partners and competitors, differences in national policies and priorities have threatened to degenerate into a counterproductive trade war. The current standoff is the most threatening in recent years and could have extremely serious consequences.

Such disputes are hardly unexpected, given the integration of Japan's government and

In fairness to the Japanese, U.S. laws almost completely exclude foreign imports that compete with vulnerable or politically powerful American industries or farm producers. Then, too, until recently most U.S. manufacturers depended on America's enormous domestic market for sales, with relatively little emphasis on exports.

With a few notable exceptions, American consumer goods are not designed to accommodate the exceptional preferences of foreign consumers. How many Japanese cars would Americans buy if all their steering wheels were on the right side?

Still, there are situations and products that require attention at the highest level in Washington to enhance equitable access to markets, protect domestic employment and prevent the dumping of foreign goods in the United States at or below production cost.

These factors are exacerbated by domestic political pressures, with leaders of both nations striving to avoid blame for economic problems and to gain credit for spirited actions and words against economic competitors. Fiery language, threats and step-by-step sanctions can escalate almost beyond control.

There is a proven alternative to counterproductive sanctions, public condemnations and arguments.

In the late 1970s, a U.S.-Japan Economic Relations Group met regularly and privately to address the multiple trade problems that inevitably arose. The prime minister appointed four Japanese and I chose four Americans. Soon known as "wise men," all were respected senior statesmen knowledgeable about life and politics in both countries.

The co-chairs were former Ambassadors Robert Ingersoll and Nobuyuki Ushiba. With them were A. W. Clausen, Hugh Patric Edson Spencer, Akio Morita, Shuzo Muramatsu and Kiuchi Seiki.

They had no authority and only advised the president, the prime minister and the special trade representatives.

Controversial issues — such as those involving the quantity of imported shoes, television sets and cars — were referred to them. For example, Japan quietly accepted a proposal that it limit the number of cars exported to America and begin a program of producing Japanese cars there.

Another resolved crisis related to allegations that the Japanese were dumping certain kinds of steel products on the American market at prices below those demanded in Japan.

The wise men's suggestions (almost always unanimous) were shared with top national leaders, who were still free to become personally involved or to initiate a public debate.

The system worked remarkably well. Developing problems could be addressed almost immediately before they became controversies, and the result of actions taken could be assessed quickly.

There was almost total freedom of communication, confidentiality was preserved, and the need for face-saving and political rhetoric was minimized. The president and his special trade representative were provided with some and well-balanced advice on which to make decisions.

Among private business and financial leaders in both countries, knowledge that the wise men had considered an issue and made a joint recommendation carried great weight and helped remove the stigma of politicization.

The wise men were disbanded soon after Ronald Reagan was inaugurated. The same system can work again and be imitated almost immediately. It would pay rich dividends.

Former President Carter, chairman of the Carter Center, which promotes conflict resolution, democratization and human rights. He contributed this comment to The New York Times.

NATO Air Strikes Would Stoke Up the War and Affront Russia

By Misha Glenny

SARAJEVO — The United States and its reluctant NATO allies have embarked on a dangerous game of brinkmanship. If air strikes are used against Serbian positions in Bosnia after NATO's ultimatum expires at midnight Sunday, they could touch off an even more destructive war through the Balkans.

And that could undermine relations between the United States and Russia and deal a severe blow to Russian political and economic reform.

The dangers to U.S.-Russian relations were only underscored by Thursday's report that President Boris Yeltsin had persuaded the Bosnian Serbs to withdraw their heavy guns aimed at Sarajevo.

Until now, President Bill Clinton, who has invested much of his foreign policy capital in supporting Mr. Yeltsin, has gone out of his way to avoid antagonizing Russia over its traditional ties with the Serbs. But Mr. Yeltsin is fast shedding his commitment to reform in the face of rising social discontent and nationalist sentiment. And the ultranationalist Vladimir Zhirinovsky continues to strengthen his political base by exploiting Russian sympathies with the Serbs.

So air strikes in Bosnia would be a frontal challenge to Russia.

A senior United Nations official here told me this week that the NATO ultimatum had "as much to do with the Americans' desire to teach the Russians a lesson as it has to do with the situation in Bosnia."

A high-ranking officer of the Bosnian army said: "We have no illusions about American intentions in this region. The U.S. wishes to establish a military presence in the Balkans."

There is evidence to support this view. In the last year, Albania has leased a naval base to the United States and allowed the stationing of two spy planes on its territory. Under UN auspices, 300 U.S. soldiers have been stationed in the former Yugoslav republic of Macedonia. NATO was not party to any of these operations.

"Not a week goes by without some four-star American general paying us a visit," said Saso Ondarski, Macedonia's most respected political commentator. It seems unlikely that these generals are just boasting the morale of their troops.

Small wonder, then, that Mr. Yeltsin was so eager to persuade the Bosnian Serbs to back away from the brink. Or that the British and the French, aware of the dangers in a proxy conflict between the United States and Russia in the Balkans, pleaded with Moscow and Washington to give a chance to the deal brokered by Lieutenant General Michael Rose, the UN commander in Bosnia:

NATO intervention gives them, in turn, President Franjo Tudjman of Croatia will send more troops to support the Bosnian Croats.

Second, the Serbs will not take air strikes lying down. Because of the economic chaos caused by sanctions, Serbs throughout the former Yugoslavia are extremely hostile to the West. They will perceive NATO action to be the last straw.

The Serbs have more than one way to respond. Apart from attacking foreign installations in Bosnia (including UN peacekeeping troops), they can launch the missiles that they have trained on Sarajevo and other towns. They could open a new front to the south, in Kosovo or Macedonia.

The Serbs are not the only threat to the stability of the southern Balkans. Such threats, internal and external, have proliferated in recent months, as the U.S. State Department clearly recognizes. Diplomats in the Mac-

edonian capital, Skopje, are especially concerned about the growth of radicalism in western Macedonia.

Washington's recent decision to recognize Macedonia unleashed a desirous and violent outburst of anti-American feeling in Greece.

Wednesday, Greece decided to close its border with the former Yugoslav republic of Macedonia. That decision could imperil the economic stability of this tiny landlocked republic, where two wars have already been fought in this century.

Through diplomatic channels, the United States has warned Macedonia's neighbors that it is vitally interested in the country's survival. Yet NATO air strikes could seal Macedonia's fate.

In December 1991, Germany prematurely insisted on recognizing Croatia, against the better judgment of the United States and Britain. This proved to be Bosnia's death sentence.

Bombing the Serbs would not stop

the war in Bosnia, but it would intensify the ferocity of nationalist conflict in the southern Balkans. Are the United States and NATO about to commit an even greater historical folly than the Germans?

President Clinton's special envoy for Yugoslavia, Charles Redmond, said last week that he intended to take a more active role in the search for a negotiated settlement. This is a most welcome sign.

Russia and the United States must start cooperating immediately on this issue. Now that Russia has put pressure on Serbia to strike a deal, the United States should encourage the Bosnian Muslims to sign on. Through diplomatic channels, the United States must start cooperating immediately on this issue. Now that Russia has put pressure on Serbia to strike a deal, the United States should encourage the Bosnian Muslims to sign on.

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— The writer, a former BBC correspondent and author of "The Fall of Yugoslavia," contributed this comment to The New York Times.

If Intervention Isn't to Be Decisive, Why Intervene?

By Charles Krauthammer

WASHINGTON — The good news about the U.S. decision to, in effect, conditionally enter the Yugoslav civil war on the side of the Bosnian Muslims is that it could have been worse.

The administration could have gone the mindless route of punitive air strikes against the Serbs in retaliation for the Feb. 5 mortar attack on the Sarajevo market that killed 60 people. Instead it issued an ultimatum designed to prevent future such attacks.

Moreover, the ultimatum is married to a political strategy: a pledge to the current European partition plan as inadequate when they were alone and abandoned, why should they sign on now that NATO is, in effect, prepared to intervene on their side?

And where exactly does the NATO intervention lead? The ultimatum against artillery around Sarajevo is designed — we are assured by Walt Slocombe, deputy undersecretary of defense responsible for Bosnia policy — neither "to affect the military outcome" nor "to compel the parties to settle."

That is the good news. The bad is that it is hard to see this strategy working. If the Muslims resisted the current European partition plan as inadequate when they were alone and abandoned, why should they sign on now that NATO is, in effect, prepared to intervene on their side?

But the war will go on. American intervention is, after all, not designed to affect the military outcome. America will then be stuck, forced ultimately either to withdraw under pressure when the stakes get too high or to get far more deeply involved.

Years ago, America similarly joined a civil war on the side of the weaker, losing, clearly aggrieved side — the side invaded and undermined by its stronger, more ruthless, totalitarian neighbor. It entered there, too, armed with limited objectives and the best of liberal



An installation in the "Scream Against the Sky" exhibition in Yokohama.

Fresh Look at Japan's Art

By Carol Lufky

YOKOHAMA, Japan — When the Yokohama Museum of Art announced in 1991 that it had selected an American to curate the most ambitious postwar Japanese art survey in the nation's history, the news was well... shocking. Why would one of Japan's most prestigious art institutions abdicate that responsibility to a foreigner? And how could Alexandra Munroe, a New York-based curator, be expected to know more than her Japanese colleagues about Japanese art?

These concerns were followed by rumors — some of which came from within the museum — that the exhibition would be a flop. The selections, it was said, were dull; and there were too few works per artist, some of whom were threatening to pull out.

As the opening approached, word began to spread that Munroe, a well-regarded expert on Japanese art, had been set up for a fall. She would become the latest in a long string of reminders that foreigners will never master the finer points of Japanese culture.

It is a welcome surprise, then, that "Japanese Art After 1945: Scream Against the Sky," on view at the Yokohama Museum through March 31, is a stunning, if controversial success. The survey of about 200 works by roughly 70 artists casts the Japanese avant-garde in its most credible and provocative light to date. From the Gutai Group — a highly experimental, performance-oriented, Kansai-based movement founded in 1954 — to the post-Hiratsuka generation of artists who are grappling with issues of national identity, the exhibition succeeds in creating a new and viable context for Japanese art.

Indeed, "Scream Against the Sky" is characterized by a revisionist spirit. It is also distinguished by Munroe's rigorous scholarship and sharp eye, and by a finely-tuned installation overseen by Taro Anzai, associate curator at the museum.

But the biggest triumph of the exhibition is its unorthodox, at times ground-breaking selection of artists. In an art world that is deeply fragmented and political, where a predilection for documentation outweighs analysis, and where even the most respected curators seem more comfortable jumping on the bandwagon than starting a trend, Munroe has taken a leap forward for Japan by giving the exhibition a highly individualistic spin.

At the heart of the show is the question of what

Carol Lufky is a Tokyo-based freelance journalist who specializes in the arts.

it means to be both Japanese and modern, and Munroe goes to great pains to establish the socio-political and historical backdrop against which a notion of Japanese modernity was born. Far from imitating Western art, the show argues that through movements like Gutai and Mono-Ha (a late 1960s group that explores the essence of being Asian), the Japanese avant-garde has been motivated largely by anti-establishment, anti-Western sentiments. The exhibition also gives artists like Os Kawara, Ay-O and Yoko Ono their due as early innovators of international movements, like Fluxus and Conceptual Art.

"Scream Against the Sky" — the title comes from a conceptual music score by Yoko Ono — is at once thematic and chronological, beginning with a section on Gutai, which includes at least one masterpiece: Atsushi Tanaka's "Electric Dress," a costume dangling with vibrantly painted light bulbs and electrical wires in which she performed.

From Gutai, the exhibition takes an unexpected, but important, turn toward the traditional avant-garde, introducing the bold, almost abstract, calligraphy of Soji Teshigahara and Yu-ichi Inoue, and the sensual vessels of Kazuo Yagi from the 1960s.

In contrast with these works, the exhibition goes on to explore anti-art, anarchic and visually abhorrent tendencies of roughly the same decade. The highlights include a series of black and white photos, at once alluring and revolting, by Shomei Tomatsu; four mixed media pieces by Tetsumasa Kudo — dark, explosive works that explore his obsession with mutation and deterioration of the human body. There is also a powerful installation devoted to Tatsuru Higata, the founder of the grotesque dance form Ankoku Butoh, which has largely shaped Japan's contemporary performance art.

That the painting section is the least inspired in the exhibition reflects an inherent weakness in Japanese art. Unfortunately, this weakness is exacerbated by Munroe's mysteriously poor selections.

Lee U-Fan, the central theoretician behind Mono-Ha, for instance, is represented by three works, two of which are recent. All are flimsy and without any historical relevance.

"Scream Against the Sky" will travel to the Guggenheim's SoHo branch in New York this fall and to the San Francisco Museum of Art next spring.

Carol Lufky is a Tokyo-based freelance journalist who specializes in the arts.

At the heart of the show is the question of what

Through Buñuel's Eyes

By Michael Lawton

BONN — No one who has seen the opening of "Le Chien andalou" will forget it: the man calmly sharpening the razor, the woman sitting emotionless, the moment when the razor appears to slide slowly through her eye.

It was a shock in 1929 when the film was made by Luis Buñuel (who played the man with the razor) and Salvador Dalí, and it's still a shock. That scene was an announcement that the audience had better not expect to look at this film in the way they looked at others, and the 26-minute movie thus followed challenging their expectations to the full.

From the ants that crawl out of the hole in the man's hand, to the two priests (one played by Dalí) and the two grand pianos loaded with the corpses of two slaughtered donkeys that the man must haul across the room as he attempts to assault the woman, there is nothing in this film which does not awaken puzzle, mystery or a pensive featuring that mystifies the viewer.

But each of us has only one subconscious, and Buñuel was no exception. Again and again in the films that followed, the same images returned: it was a world to which he remained true, even when he had to make potboilers in his Mexican exile in the 1940s and '50s to make ends meet.

All of Buñuel's films are in repertory over the next two months at the Kunsthalle here. The films will be shown in new prints, made where possible from the original negatives, with newly translated German subtitles, displayed, using a new technique beneath the picture. "Le Chien andalou" is continuously on show, and Buñuel's first sound film, "L'Age d'or" (1930) is on daily.

It was a challenge to put the retrospective together, since the rights to the 37 films are strewn throughout the world. Some were believed lost and many were damaged; for example, there were no complete copies of "Le Chien andalou," since purists had, over the years, repeatedly taken frames as souvenirs.

Some of the films are only worth the effort because of the light they cast on the rest, but, says Piotrus Huillet, director of the Bonn Kunsthalle, even in the worst of them, there are sudden moments when Buñuel does something typical of his genius.

The retrospective is coupled with "The Eye of the Century," an exhibition in which Buñuel and his films

Paris Is the Place for African Sculpture

International Herald Tribune

Paris — For anyone who ever thought of collecting primitive art, now is the time and Paris the place. The African sculpture that influenced Picasso and Braque as they embarked on their first Cubist experiments, has gradually receded into the background. At auction, competition has softened, making a market where the top remains available and the lower echelon sometimes very good, almost irresistible to an adventurous mind.

Middle-of-the-road auctions such as the sale conducted on Mon-

SOUREN MELIKIAN

day by Jean-Louis Picard at Drouot deserve to be closely followed. They often include some of the art amassed in huge quantities by the French in colonial and post-colonial times. In contrast to Britons, many French residents, often from modest backgrounds, had their curiosity aroused by their African surroundings. It started as an amusement and developed into a passion.

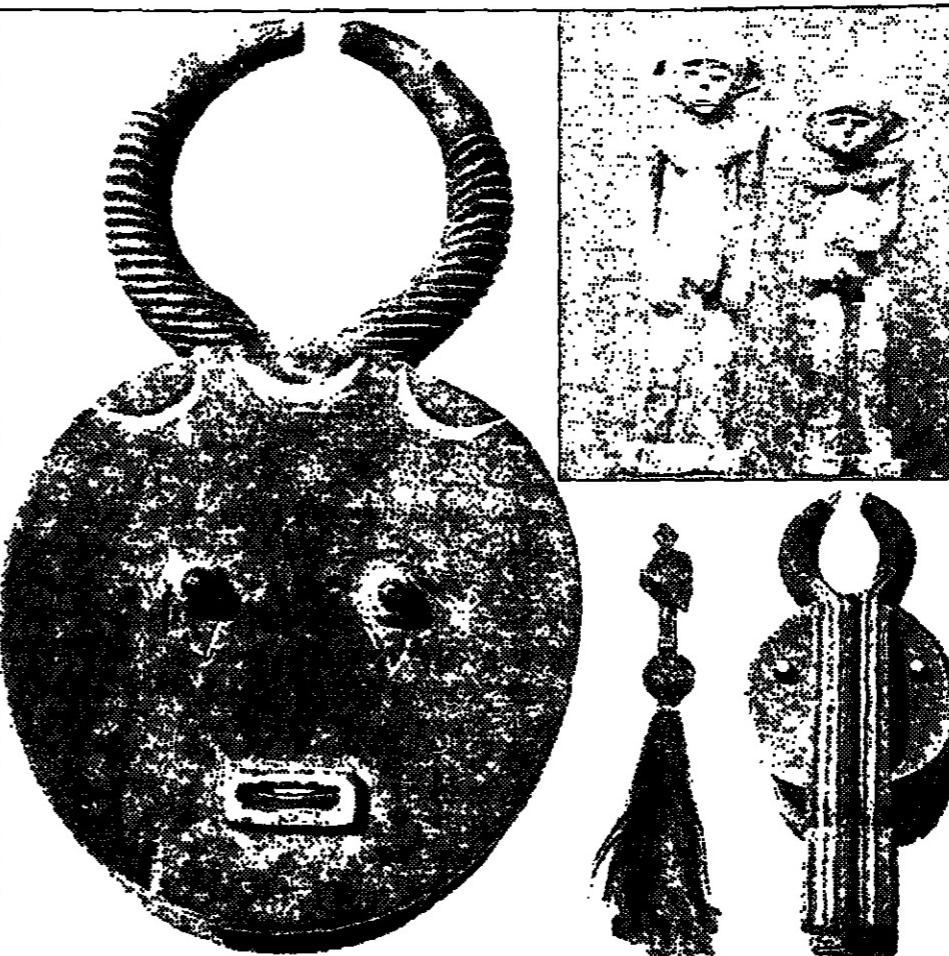
André Blandin, who made a career as a middle-level executive in the Ivory Coast between 1955 and 1981 and was reluctantly selling off some of his pieces Monday, was one of them. He traveled to distant parts of the country, buying artifacts in villages, and studying them as best he could. Most had been acquired by the mid-1960s. Blandin published some of them in 1976 in a slim brochure, "African Art, A Selection of Two Private Collections."

Did he have a commercial purpose in mind? Almost certainly not. A dealer who paid visits to Blandin while the latter lived in Abidjan remembers: "You would always see something that could be bought. On the other hand, there was his collection and that was absolutely not for sale."

THAT some pieces published in "African Art" found their way into Drouot's sales does not disprove the point. In the world of collectors, the barriers between buying for art's sake and occasional dealing can get hazy. This seems to be particularly true with African art where acquiring the object is part of the learning process. You discover artifacts of a previously unrecorded type, as you buy them. This can give a pleasure as intense as possession.

Blandin kept researching, an interest shared by his wife who taught in a secondary school. In 1988, he published a study on West African bronze making, "Bronzes et autres alliages," followed in 1992 by another on ironsmiths. "For the discovery instinct is strong among the French and may explain the extraordinary attendance at Primitive Art sales in Paris in contrast to London or New York. On Monday, the room at Drouot was packed beyond capacity with dealers and collectors, including Blandin. Even though many bought nothing, they followed the proceedings with intense concentration.

They would not have missed the sale for anything in the world. Every one knew everybody else, old buddies seated next to each other, sworn enemies giving each other Gallic looks. You did not need chips to be part of the game but there was something in it for anyone who cared to join. Sometimes



From left, clockwise: Baoule mask; Lobi figures; Goli mask, Ivory Coast; fly-swatter.

"African Art." This cost the East Coast collector 18,615 francs. It is not nearly as good as the previous piece.

It took the next lot, however, to trigger a real bout of collecting hysteria. This was a couple of free-standing figures, man and woman, from the Lobi people, a confederation of related groups straddling the northern arcs of the Ivory Coast, Ghana and Burkina-Faso. The Lobis were revealed to the Western world by the French ethnologist André Labeyrie in his book "Les tribus du rameau Lobi," published in 1931. He calls such objects ancestor figures. In 1981, Piel Meyer took another look at the "Art and Religion of the Lobi" in the catalogue of the Riethberg Museum exhibition where the matching figures are illustrated.

FURTHER work may be needed before the finer nuances of Lobi metaphysics — African cults are rarely considered by professional philosophers — and rites can be fully understood. But there can be no doubt about the vigor of the feeling underlying the art. The angular stylization made more striking by the pale toning of the wood, the expressiveness of the faces, is remarkable. Amrouche, who knows the area well, says the cult survives undisturbed, with the art still alive. But it is rare to find early figures that match. In the confusion of transportation to the West, they often get separated and wrongly reassembled. Whatever the reasons, this pair created a deep impression. Two French collectors fought furiously, one eventually carrying away the prize to the tune of 125,920 francs, nearly four times the estimate.

At the end of the sale, Blandin seemed satisfied. He, or Picard on his behalf with the help of Montbarbon, had gotten his fellow collectors where he wanted them, and beyond in a few cases. In the big art game, this is always a nice feeling, particularly in a difficult market.

Blandin was relieved to get back a rare piece on which he was keen, a seated figure acquired in a Sikas village near the Ivory Coast border with Mali. Other unsold pieces might find a niche someday. Time in Africa is immaterial. And to a collector who spends his retirement between the South of France and a house near Blois, gazing at the objects he loves, it is delectable.

Leiden then relieved his frustration by getting the next piece, a small black patinated figure made by the Abron subgroup of the Akan people in the Bondoukou area. Rare and old, the Abron sculpture is one of the pieces that Blandin illustrated in the 1976 pamphlet,

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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, FEBRUARY 19-20, 1994

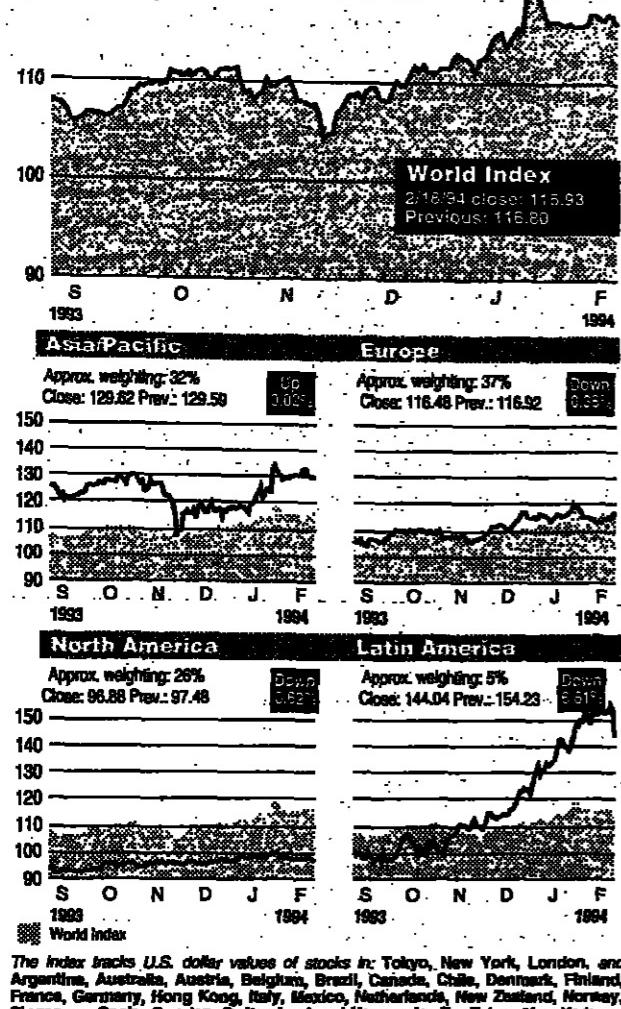
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International Herald Tribune World Stock Index ©, composed of 290 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

120



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Industrial Sectors

Ind.	Pri. close	Prev. close	% change	Ind.	Pri. close	Prev. close	% change
Energy	114.58	116.69	-1.81	Capital Goods	114.39	115.27	-0.76
Utilities	127.53	129.82	-1.76	Rare Materials	120.94	121.24	-0.25
Finance	121.21	121.45	-0.20	Consumer Goods	100.47	101.05	-0.57
Services	122.91	125.41	-1.20	Miscellaneous	133.13	133.85	-0.57

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ECONOMIC SCENE

As Church Sowed, So It Reaps

By Barry James

International Herald Tribune

AND some fell on stony places, and lo the Church of England PLC is reaping its terrible investment strategy. The church headed a prophetess named Margaret Thatcher and placed its talents in shopping malls and large office buildings. And it was not good.

In the company handbook, the rules are clear: "Then he that had received the five talents went and traded with the same, and made them other five talents."

But the Bible tells not of negative equity.

It came to pass that market forces diminished the value of the real estate the church bought at the end of the 1980s. Yes, even, the amount of its borrowings mightily exceeded the value of its holdings.

Also, the church invested other talents into bonds when interest rates were falling, and when everyone else was cleaning up on stocks.

Verily, the £3 billion (€4.6 billion) nest egg that Henry VIII began amassing by nationalizing the monasteries in the 16th century is now only a £2.2 billion nest egg.

This has left the venerable institution as poor as the mythical church mouse. And it finds itself obliged to consider the word according to the Harvard Business School. Downsizing!

The church confessed this week that as a result of its investment gaffes it will have to halve the £63 million it pays each year toward the salaries (an average £12,800) of its clerical staff.

The church payroll last year totaled £154.7 million, of which the church provided 41 percent from central funds. The rest came from parish collections and other sources.

Now, congregations will either have to put more on the collection plate each Sunday, or face merger and consolidation with neighboring parishes.

Frank Field, a Labor member of Parliament who specializes in church legislation, says this will lead to the effacing of parish boundaries that have existed since the Middle Ages.

"Gambling with borrowed money and getting it wrong," he said, has accomplished the destruction of the ancient institution more effectively even than its old enemy, Oliver Cromwell.

While the church may have to reduce its paid staff, it can call on a large supply of unpaid consultants known as lay preachers and unspiritualized clergy. And in admitting women to the staff, it has a potential pool of lower paid and part-time labor, just like industry in general.

On the other hand, by admitting women, it has ruled out the possibility of a merger with a large conglomerate in Rome, which maintains a male-only hiring policy.

To make matters worse, the Church of England made an open-ended commitment to compensate staff members who decide to resign rather than labor in the vineyard alongside women.

It came to pass also that the church's president and chief operating officer, Archbishop George Carey of Canterbury, complained that the product has become unmarketable because young people find it "boring."

In his new book, "Spiritual Journey," he said customers no longer appreciate the lifeless sermons, the long lessons and the dreary hymns.

He said the church would do well to adopt a method that seems to work well with a monastic community at Taizé in France, which he visited recently. It's called silence.

CURRENCY & INTEREST RATES

Cross Rates

	Feb. 18		
American	6.04	6.04	6.04
Belgium	1.02	1.02	1.02
Bermuda	3.44	3.44	3.45
Brazil	2.177	2.177	2.177
Canada	1.29	1.29	1.29
Denmark	1.20	1.20	1.20
Finland	2.02	2.02	2.02
France	0.87	0.87	0.87
Germany	1.20	1.20	1.20
Iceland	2.02	2.02	2.02
Ireland	1.20	1.20	1.20
Italy	1.20	1.20	1.20
Japan	1.20	1.20	1.20
Malta	1.20	1.20	1.20
Netherlands	1.20	1.20	1.20
New Zealand	1.20	1.20	1.20
Norway	1.20	1.20	1.20
Portugal	1.20	1.20	1.20
Spain	1.20	1.20	1.20
Sweden	1.20	1.20	1.20
Switzerland	1.20	1.20	1.20
United Kingdom	1.20	1.20	1.20
United States	1.20	1.20	1.20
U.S.S.R.	1.20	1.20	1.20
Yugoslavia	1.20	1.20	1.20
Zambia	1.20	1.20	1.20
Zimbabwe	1.20	1.20	1.20
Other	1.20	1.20	1.20
Total	1.20	1.20	1.20
Cross rates	3.20	3.20	3.20
To buy one pound:	6.04	6.04	6.04
To sell one pound:	1.20	1.20	1.20

Other Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
American	0.9071	Canadian	1.4704	French franc	1.2074	German	1.4452
Australia	1.2022	Hong Kong	1.7231	Italian lira	1.2026	Icelandic	1.2020
Austria	1.2022	Ireland	1.2017	Japanese yen	1.2020	Malta	1.2020
Brazil	5.6750	London	1.2020	Swiss franc	1.2020	Netherlands	1.2020
Chinese yuan	8.73	Montreal	1.2020	Spanish peseta	1.2020	New Zealand	1.2020
Danish krona	4.7085	London interbank	1.2020	Taiwan	1.2020	Norway	1.2020
Egyptian pound	3.34	Montreal interbank	1.2020	U.S. dollar	1.2020	Portugal	1.2020
Finn. markka	5.3327	Montreal interbank	1.2020	U.S.S.R. ruble	1.2020	Sweden	1.2020

Forward Rates

Currency	30-day	90-day	180-day	Currency	30-day	90-day	180-day
American	1.4703	1.4703	1.4704	Canadian	1.2020	1.2020	1.2020
Australia	1.2023	1.2024	1.2025	French franc	1.2020	1.2020	1.2020
Austria	1.2023	1.2024	1.2025	German	1.2020	1.2020	1.2020
Brazil	5.6751	5.6754	5.6756	Italian lira	1.2020	1.2020	1.2020
Chinese yuan	8.73	8.73	8.73	Swiss franc	1.2020	1.2020	1.2020
Danish krona	4.7085	4.7087	4.7089	Taiwan	1.2020	1.2020	1.2020
Egyptian pound	3.34	3.34	3.34	U.S. dollar	1.2020	1.2020	1.2020
Finn. markka	5.3327	5.3328	5.3329	U.S.S.R. ruble	1.2020	1.2020	1.2020

Source: ING Bank (Amsterdam); Standard & Poor's; Bank of Montreal; Royal Bank of Canada (Montreal); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (ISOR). Other data from Reuters and Bank of America.

New York Finds Vibrant New Role Exports of Services Take Center Stage as Factories Fade

By Tom Redburn

New York Times Service

NEW YORK — The long-evolving shape of New York's economy is now clearly etched.

Mass production, whether in automobiles, chemicals or beer, has mostly disappeared from New York City and its environs. Only 1 in 16 of the 7.3 million people employed in the region still labors on a factory floor. At the same time, residents of the states of New Jersey and Connecticut earn nearly 25 percent above the national average.

The weight of the region has diminished to where it accounts for less than 8 percent of U.S. output. But as its position in the U.S. economy declines, metropolitan New York is becoming the global economy's leading marketplace.

Overseas business, while hard to track, contributes much more to the region's economic life than did a decade ago. That is because America's exports of services — New York's stock in trade — have soared more than 150 percent since 1983 to almost \$200 billion.

New York's regional economy was once the most broad-based and diverse in the United States, generating almost one of every five dollars produced in the early post-World War II boom.

Now the New York region is becoming something new under the sun. Most economic centers ship goods elsewhere and consume their services locally. By contrast, the manufacturing that remains in the New York region is heavily devoted to the local market while its cutting-edge services — finance, law,

communications, popular culture and medicine — are increasingly in demand throughout the global economy.

"We're a major player in the global economy by means of our services, not because of our manufacturing," said Richard W. Roper, director of economic and policy analysis at the Port Authority of New York and New Jersey.

"This region is a magnet for foreign firms that want to get a foothold in the North American market," he said. "And almost any U.S. company that wants to compete actively in the international arena needs to have some kind of a presence here."

For the New York economy, the rapid change in telecommunications and management is both a curse and a blessing. On the one hand, such innovations undercut New York as a capital of big business by making it easier for companies to run their affairs from Atlanta or Houston or Columbus.

But they also benefit the region: As the global economy becomes smaller, clusters of brain workers like Wall Street's investment bankers or Madison Avenue's world-class marketers gain a far larger market in which to sell their wares.

"What is holding New York together, paradoxically, is what is allowing the world economy to spread further afield," said

MARKET DIARY

Wall Street Slump Depresses Dollar

Bloomberg Business News

NEW YORK — The dollar fell against the Deutsche mark and most other major currencies on Friday as investors bailed out of U.S. stocks and bonds.

It rose against the yen, in the meantime, amid speculation that the U.S. and Japan could resume trade negotiations.

"There's a lack of confidence in U.S. assets right now, including the

Foreign Exchange

dollar," said Karl Halligan, a proprietary trader at ING Capital Markets.

The dollar closed at 1.7140 DM, down from 1.7222 DM on Thursday. It rose to 104.625 yen from 104.20 yen.

Prospects for higher rates often buoy the dollar because a rate increase would make U.S. deposits more attractive. The dollar fell Friday because investors were more concerned about the flow of money out of dollar-denominated assets, traders said.

Moreover, many dollar bulls lost faith in the currency after it failed to rally on Thursday, when the Bundesbank cut its discount rate.

"Nothing can get the dollar moving higher," said Kevin Lawrie, a foreign exchange manager at Mellon Bank in Pittsburgh. "People are getting disappointed."

BONDS: Market's Rout Deepens

Continued from Page 9

Sachs & Co., one of the five largest U.S. bond trading firms, was forecasting that Fed officials would raise rates any day now.

But a Goldman Sachs economist said his firm did not expect any Fed action until after the next meeting of the Federal Open Market Committee, set for March 22.

In pulling prices down two points in two days, bond investors

N.Y. Stocks

didn't cozy to the government's report Thursday that consumer prices were unchanged last month and up just 2.5 percent in the 12 months ended in January. Last year, consumer prices rose 2.7 percent, the smallest annual increase since 1986, when prices rose 1.2 percent.

Investors shrugged off the report partly because the Labor Department changed the way it calculates the figure and partly because it is a lagging indicator — it reveals what prices were, not what they will be.

Inflation fears were fanned Thursday by a survey of manufacturers from the Federal Reserve Bank of Philadelphia, which said prices for raw materials rose more than 30 percent.

The bond market also was jittery

The dollar has fallen almost 3 percent against the mark in the last two weeks, even though the Fed raised rates for the first time in five years and the Bundesbank cut rates.

Large losses against the yen also hurt the dollar during the week, traders said. The dollar started tumbling the previous Friday when trade talks between the United States and Japan collapsed.

Traders sold dollars, betting that the United States, frustrated at the bargaining table, would resume talks for a strong yen. Last year, the administration said repeatedly that a strong yen could curb Japan's trade surplus by making its exports more expensive.

Traders were especially wary this weekend because most of them will be away from the market on Monday for Presidents' Day, he said.

The pound closed at \$1.4820, up slightly from \$1.4800 on Thursday. The dollar fell to 5.8250 French francs from 5.8455 francs and slumped to 1.4449 Swiss francs from 1.4565.

Prospects for higher rates often

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Via Associated Press

The Dow

Daily closing of the Dow Jones industrial average

Feb. 18
High Low Last Chg.
2,700.00 2,670.00 2,670.00 -30.00
2,670.00 2,650.00 2,650.00 -20.00
2,650.00 2,630.00 2,630.00 -20.00
2,630.00 2,610.00 2,610.00 -20.00
2,610.00 2,590.00 2,590.00 -20.00
2,590.00 2,570.00 2,570.00 -20.00
2,570.00 2,550.00 2,550.00 -20.00
2,550.00 2,530.00 2,530.00 -20.00
2,530.00 2,510.00 2,510.00 -20.00
2,510.00 2,490.00 2,490.00 -20.00
2,490.00 2,470.00 2,470.00 -20.00
2,470.00 2,450.00 2,450.00 -20.00
2,450.00 2,430.00 2,430.00 -20.00
2,430.00 2,410.00 2,410.00 -20.00
2,410.00 2,390.00 2,390.00 -20.00
2,390.00 2,370.00 2,370.00 -20.00
2,370.00 2,350.00 2,350.00 -20.00
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1,050.00 1,030.00 1,030.00 -20.00
1,030.00 1,010.00 1,010.00 -20.00
1,010.00 990.00 990.00 -20.00
990.00 970.00 970.00 -20.00
970.00 950.00 950.00 -20.00
950.00 930.00 930.00 -20.00
930.00 910.00 910.00 -20.00
910.00 890.00 890.00 -20.00

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

AMEX

Friday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
late trades elsewhere. Via The Associated Press

12 Month High Low Stock		Div	Yld	PE	S5 100s	High	Low	LstChg
A								
9/4 1/2 ABB Str	.42	4.5			41	82	81	+1
11 12/4 ABBI Int'l					31	1320	333	-33 1/2
1/4 1/2 ABBI Int'l					21	2107	1034	-10 1/2
14/4 7/4 AMC					39	17	12 1/2	+12 1/2
5 5/4 AMCI					18	17	12 1/2	+12 1/2
6 1/4 ARI Hld					79	182	39	+39
26/4 24/4 ARM F pf					11	124	124	+1/2
21/4 12/4 ARTT-Fd	2.69	4.1			11	255	254	+254
7/4 6/4 ARTT-Fd					43	65	15	+15
7/4 2/4 ArtCom					262	716	716	+7 1/2
3/4 1/4 Action					50	20	23 1/2	+2 1/2
6/4 4 AdmRsc					7	400	44	+4
6/4 2/4 AdvFin					42	100	100	+100
14/4 9/4 AdmMod					33	182	124	+124
7/3 7/4 AdmMedT					6	14	11	+1 1/2
24/4 23/4 AdmPro					49	4	37 1/2	+37 1/2
16/4 16/4 AdmRf					33	175	175	+175
26/4 18/4 AdExpo	.20				61	261	116	+10 1/2
6/4 7/4 Aircod					18	20	19 1/2	+1 1/2
7/4 5/4 Alarma					38	72	50	+50
10/4 10/4 Alarw					14	14	14	+14
18/4 12/4 Alazien n	.36	2.1			175	148	148	+148
1/4 1/4 Alazien n					345	25	9	+9
17/4 6/4 AlidRsh					15	104	104	+104
11/4 1/4 AlouH					15	42	34	+34
3/4 1/4 AlouW w/f					15	31	24	+24
6/4 2/4 Alphain					75	175	175	+175
6/4 53/4 Alphain pf	3.75	6.1			50	670	670	+670
8/4 2/4 Alphain					50	120	116	+116
16/4 12/4 AF-SP2	1.55	12.5			15	120	120	+120
21/4 17/4 AF-SP2 n	.75	4.0			55	182	182	+182
25/4 18/4 AF-BKT	1.32	5.0			55	224	224	+224
8/4 2/4 AmEco S					1017	1017	1017	+1017
1/4 1/4 AEvol					4	4	4	+4
14/4 12/4 AEW					15	15	15	+15
14/4 14/4 AEW	1.50	10.1			11	150	150	+150
14/4 11/4 AEW Bn	.07	5			15	150	134	+134
15 11/4 AEW Bn	.20	1.7			104	150	134	+134
47 31/4 AEWStr	1.05	26			13	404	404	+404
18 12/4 AEWStr S	.80	47			18	3	12	+12
23/4 14/4 AMBDA	.44	111	103		19	204	196	+196
24/4 14/4 AMZES	.44	311	1039		20	204	196	+196
14/4 14/4 AMZES n					1417	134	124	+124
9/4 7/4 ARCEINY n	.80	10.5			14	14	7 1/2	+7 1/2
15/4 9/4 ARestr	1.50	12.5			7	11	11	+11
9/4 3/4 ASCE					91	20	18	+18
4/4 2/4 AmShrd					20	34	34	+34
5 2/4 ATech					15	34	34	+34
13/4 7/4 Amrod					70	20	11	+11
2/4 1/4 Amrod w/f					275	24	24	+24
9/4 5/4 Andrea 5	.36	2.1			32	14	14	+14
16/4 1/4 Andrea 5					23	23	23	+23
17/4 4/4 AndPor	14.50	—			29	175	175	+175
6 3/4 Androco					278	103	103	+103
12 5/4 Androco n					41	41	41	+41
4/4 1/4 AndRst					10	96	96	+96
11/4 5/4 ArrowA					60	96	96	+96
12/4 5/4 Arvith					60	82	74	+74
12/4 5/4 Atalr					1612	676	676	+676
6/4 4/4 Attolits	.03	5			12	676	676	+676
3/4 3/4 ATSCM					14	21	21	+21
18/4 6/4 Auditox					15	657	164	+164
5 1/4 Autore					1027	136	114	+114
15/4 6/4 AutoreI					167	89	8	+8
B								
5/4 2/4 BBDHO					162	4	4	+4
8/4 2/4 BBGAT 3	.35	4.8			788	787	787	+787
8/4 2/4 BBGMC					78	78	78	+78
22/4 17/4 BbdnM	.46	2.9			6	62	22	+22
14/4 8 Boker					111	51	51	+51
5/4 3/4 BokdW					31	111	51	+51
24/4 14/4 Bonfd	.16	27			12	24	24	+24
23/4 20/4 Bonfd	1.93	87			12	24	24	+24
27/4 23/4 BonfdPrsn					25	24	24	+24
26/4 23/4 BT CV71 n	11.28	7.5			116	240	240	+240
23/4 23/4 BT CV71 n	11.28	7.5			204	250	250	+250
1/4 1/4 BonHr					31	175	175	+175
2/4 1/4 BonHrSh					16	192	192	+192
20/4 1/4 BonL					12	367	162	+162
18/4 1/4 BonRyFG					62	162	156	+156
10/4 5/4 BonMod	.30	18			41	41	41	+41
20/4 1/4 Bonvo					130	676	676	+676
7 4/4 BSHK Rowl					12	1	1	+1
16/4 3/4 BSWRK n	2.01	6.0			136	32	32	+32
2/4 1/4 BeerdCo					1	24	24	+24
4/4 1/4 BeermC					413	25	25	+25
25/4 15/4 Benche					51	25	25	+25
10/4 5/4 BenEve					676	91	91	+91
12/4 8/4 BenEveS	2.00	2.2			820	137	136	+136
15/4 5/4 BenFon 3					12	1	1	+1
26/4 13/4 BenFonM					237	136	136	+136
10/4 1/4 BenFonA					1	22	22	+22
17/4 1/4 BenFonA					1	136	136	+136
3/4 1/4 Bleskin					225	196	196	+196
7/4 1/4 Bleshd					27	196	196	+196
15/4 12/4 BlkBlffn	1.65	63			35	124	124	+124
15/4 12/4 BLCQD n	.70	59			67	132	132	+132
15/4 12/4 BLP10 n	.70	57			60	132	132	+132
15 13 BlnJIC					80	74	74	+74
5/4 26/4 BlnCo	2.03	4.7			74	24	24	+24
27/4 17/4 Blessing	.14	24			12	24	24	+24
32/4 17/4 Blodn	1.24	83			14	1676	1676	+1676
17/4 17/4 Blodn					24	1676	1676	+1676
12/4 1/4 Blowd Vcl					1676	676	676	+676
22/2 19/4 Bowfin	.72	3.6			15	136	136	+136
5/4 14/4 Bowfin	.30	13			11	262	231	+231
21/4 14/4 Bowfin	.24	7.1			15	136	9	+9
15/4 7/4 BowfinE	.27	15			18	67	15	+15
11/4 7/4 BowfinW					22	15	15	+15
14 1/4 BowfinW	1.04	7.8			14	25	172	+172
4/4 1/4 BrockCp					12	344	374	+374
2/4 1/4 Bulton Bush	.88	3			26	322	264	+264
C								
7/4 5 C1 Fin					87	614	576	+576
8/4 7/4 C1M					26	304	304	+304
8/4 3/4 C1M					400	2	2	+2
1/4 1/4 C1M					36	12	11	+11
13/4 14/4 C1V5 Fin	.32	2.7			74	574	414	+414
5/4 7/4 C1V5 Fin					301	301	176	+176
7/4 7/4 C1X					301	301	176	+176
2/4 1/4 Cobhr					25	224	224	+224
1/4 1/4 Cobhr					12	224	224	+224
2/4 14/4 CobhrA 3	.20	1.9			15	174	174	+174
1/4 1/4 Cobhrn					12	174	174	+174

INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, FEBRUARY 19-20, 1994

Saturday-Sunday, February 19-20, 1994
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THE MONEY REPORT

FIRST COLUMN

Hong Kong Beckons to Risk Seekers

Do your pancakes taste better if you eat breakfast on the edge of a precipice? If you believe that danger heightens pleasure a leisurely meal by the side of an abyss might appeal. And if you're an investor, the chances are that you find the Hong Kong stock market particularly thrilling right now.

The central difficulty for investors in Hong Kong itself — and those who use the market as a means of entry into the Chinese economy — is the fundamental ambivalence of just about everything relating to China. Some say Hong Kong is on the edge of a nasty shock in 1997 (which, when perceived by the market, will result in mayhem). Others argue that the abyss is a creature of collective imaginations of the weak and the fearful.

The only certainty about China is that nothing is certain. Take the issue of "B" shares, the stock designated for foreign investors in Chinese companies. There is a profound difference of opinion among international investors as to whether this stock should trade at a premium or a discount to domestically available shares. Fearing manipulation, many investors stayed out of the B share market.

AND then there is the issue of whether there should be different classes of shares at all. Reports from China this week, citing Li Yiming, a leading figure in the Chinese securities market, indicate that he has called for "A" shares to be made available to international investors. But then, he has already called for B shares to be available to domestic investors, with no discernible result.

The differences between two classes of Chinese share may seem to be among the more arcane topics of international investment. Maybe, but the decision on issues such as this will provide an indication as to the real attitude of the Chinese government toward free movement of capital.

It will, ultimately and most importantly, shed light on the question of whether Hong Kong investors, who are feasting so sumptuously right now, are doing so next to a shallow hole or a crevasse.

M.B.

By Martin Baker

HOW much money is there in making money? The answer to that question depends on a complex combination of factors, many of which are in an acute state of flux. Banking, insurance, credit and investment management stocks are particularly sensitive to changes in interest rates, shifts in monetary and fiscal policy, the encouragement (or otherwise) of free trade, and ever-changing consumer spending patterns. And this week, with a lowering of German rates and uneasiness over a possible trade war between Japan and the United States, has given them plenty of fresh material to digest.

In a very narrow sense, some analysts view the financial sector as a microcosm of the world's markets themselves. The logic runs that those closest to the market are making money, that is a sign that the markets themselves are in good health.

Mutual funds that invest in financial stocks offer international investors the chance to gain exposure to a wide variety of differing financial companies that are based in many different countries. A corollary of this is that these companies receive income in many different currencies, which provides dollar investors with an automatic currency hedge.

The returns from mutual funds show that the financial sector has indeed participated in the bull run in the world's major markets. According to the global economics and fund investment monitoring firm, Micropal, the average return of financially invested funds (from Japan, the United States and the United Kingdom) was 26.31 percent over one year, 58.26 percent over three years, and 69.63 percent over five years for dollar investors.

The financial sub-index of the Tri-B Index, which is made up of the most heavily capitalized financial services stocks from the leading 25 world stock markets, outperformed the mutual funds, however. The Tri-B Index' financial component was up 41.44 percent on the year to the beginning of February.

But however benign the climate may have been for financial companies recently, it must be remembered that these corporations do not do not manage themselves. Some are inevitably better run than others and are quicker to adapt to, and profit from changing economic back- grounds.

Banks in many countries, for example, have made a poor job of what is supposed to be among their prime functions — lending money.

"If you show the banking industry worldwide an opportunity to lose money by lending, it will usually take it," said Julian St. Lawrence, man-

Financial Sector Funds

Over one year to Feb. 1, 1994

CF Financial
Edinburgh Financial
Barclays Uniciti Financial
Invesco Financial Services
MB Samuel Financial
S&P Financial Services
Fidelity Select-Brokerage
Framlington Financial
Rainbow Financial Communication
Yacob's Sector Select Financial
Aegon Sector Select Financial

Source: Micropal, Bloomberg

Over three years to Feb. 1, 1994

Bankers Trust
Fidelity Select-Brokerage
Framlington Financial
Rainbow Financial Communication
Yacob's Sector Select Financial
Aegon Sector Select Financial

Over five years to Feb. 1, 1994

Tri-B Index financial component

International Herald Tribune

ager of Framlington Unit Management Ltd.'s financial fund.

"I think we can expect U.K. interest rates to move over the longer term, and that's naturally a bad thing," said Chris Jeffrey, the investment manager of Edinburgh Fund Managers' Financial Fund. "But I don't think — at least I hope — the banks can make such a mess of their lending policy when interest rates are high again as they did the first time round."

That criticism will certainly have a familiar

ring to French and American ears.

The best-performing fund over one year is managed by Edinburgh-based firm, Capital House. U.K.-based funds have been helped by the strength of the U.K. pound against the dollar over the past year. The strongest effect has been seen in those funds that have invested in U.K. companies, thus diminishing their currency exposure.

Christopher Bomford, the manager of the

CH fund, explained that it was entirely invested in U.K. stocks, with a "fairly heavy investment in interest rate-sensitive shares."

Among the other top performers over one year, the Edinburgh Fund Managers fund is relatively strong in the United Kingdom with 61 percent of assets there. The next biggest

weightings are in the Pacific (11 percent) and Latin America (10 percent).

The Framlington fund has a U.K. weighting of just 16 percent, which together with what Mr. St. Lawrence describes as a flat performance from a 45 percent weighting of U.S. stocks (predominantly bonds), has helped account for a relatively modest one year performance.

Fidelity has put in creditable performances with its financial funds, particularly its Select Brokerage vehicle. But according to a Fidelity spokeswoman in Boston, the manager of the fund has just been changed, and the firm therefore declined to comment on the performance of its fund.

Ken Emery, a director of the London-based fund group, Save & Prosper, argues that managers should take a long view on financial stocks — certainly longer than one year. He believes,

that financials are cyclical, and that the ideal time to invest was around three years ago.

Over three years U.S. funds dominate the rankings. Analysts say financials benefited from the reform of the U.S. banking system, low U.S. rates which fell consistently until this month, and the irresistible bull market in the United States.

THE consensus view among managers is that the cycle is entering a testing phase for financials. "In the longer term we are going to have to be much more selective about which areas of the market we go into, although I think that fund managers and banks will continue to do well," said Mr. Bomford of Capital House.

The role of investing in fund managers is not inconsiderable. Many fund managers consistently fail to beat the market indexes against which they measure performance. And examination of the performance of their financial funds, when set against the Tri-B Index, financial services component shows that they fail to beat the financial index too. In other words, even when they are investing in themselves, fund managers fail to beat the index.

That said, the benefits of reducing risk by spreading investment across the wide range of asset classes in which a fund invests should not be overlooked.

"Save & Prosper's fund has been going since 1977," said Mr. Emery of Save & Prosper. "It's now the largest fund with investments in companies throughout the world; and even though it's a long cycle which has already turned, it's a good way up, there's still a good story to be told for international financial stocks."

The Sunday Report is edited by Martin Baker.

Small Investor, on Your Guard — as Usual

THE story is the same, only the facts are different: The small investor loses out again. That is the view of one New York analyst, who insisted on anonymity, on financial sector stocks. His concern is not that small investors are losing out on quoted shares, but that the most profitable sectors of the financial industry aren't quoted, and so effectively exclude the small investor.

"Take a look at the people who are really making money today — the fund managers, the derivatives gurus," the analyst added.

"They are taking up to 20 percent of their clients' profits in these raging bull markets. And can you buy any of that action? Can you even buy into the funds? No."

Chris Poll, chairman of the economics and fund investment research company Micropal, says that he classifies derivatives funds "not by investment objective, since they vary so much — they are best categorized by charges."

Mr. Poll contends that the fee structure is a question for the individual investor to personally assess. "Investors are being asked to

pay a charge that's related to performance. It's an issue that needs to be examined in the light of that performance."

Hedged and derivative funds (the terms overlap somewhat) are expected by industry observers to multiply over the next few years.

Many of the managers of these funds have become extremely rich as a consequence of being able to levy performance-related charges. Will the picking still be there when these small managers have become big enough to seek a public share offering?

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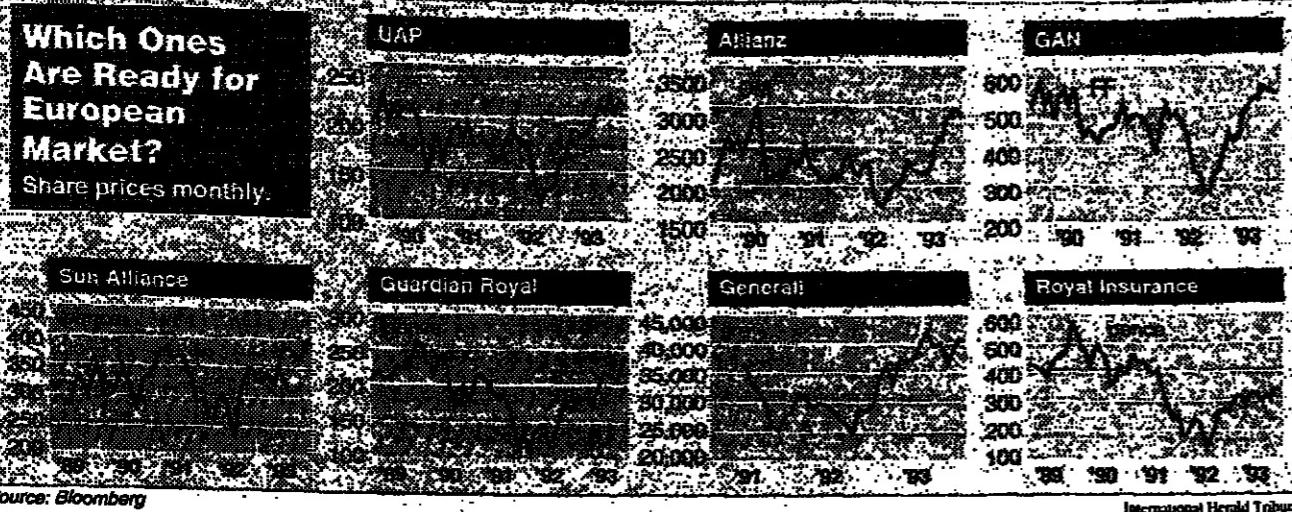
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THE MONEY REPORT

Which Ones
Are Ready for
European
Market?
Share prices monthly.



Source: Bloomberg

For U.K. Insurers, New Source of Funds

By Barbara Wall

A RECENT ruling by the U.K. trade ministry gives British mutual insurers an opportunity to raise additional capital through bond issues — also known as subordinated loans — which are similar in principle to the surplus notes issued by American mutual insurance companies.

"In the past, cash-strapped mutual insurers had to rely on investment returns to fund growth," said a spokesman for the Association of British Insurers. "This new ruling brings mutual insurers into line with U.K. building societies, which have been able to raise capital through permanent interest bearing shares for some time now."

To date, only one British mutual insurer — Scottish Amicable — has taken advantage of the new facility. The Scot Am bond, which is managed by the merchant banker Kleinwort

Benson, has raised £1 million (\$1.5 million). The bond has a quoted maturity date of 25 years and the interest paid is 1.9 percentage points above benchmark U.K. government bond.

"Likely investors in insurance bonds include other insurance companies, pension funds and sophisticated private investors," said Paul Galpin, director of Standard & Poor's European insurance ratings service. "Provided insurance bonds offer a fairly high margin over gilts then the trade-off between risk and return would appear to be fairly good."

Philip G. Scott, life and pensions manager for British insurer, Norwich Union, said that while his company will not be issuing a bond, he believes that they represent a good investment opportunity for corporate and private clients. "There is an element of risk as the interests of bond issuers would be subordinated to the interests of policyholders and other creditors if the insurance company col-

lapses," he said. "The issuer also has the right to defer interest payments at any time if its solvency margins reach unacceptable levels. But generally, the risk is significantly less than with corporate bond issues."

Nevertheless, a handful of mutual insurers have expressed some reservations. John Hyland, marketing general manager at Standard Life, says, "while we would not rule out the possibility of raising capital through bond issues we do not feel that it would be in the interests of the policyholders. The cost of raising money in this way could outweigh the benefits to our members."

As with all new ideas, insurance bonds will take time to catch on. American mutual insurers such as, Prudential Insurance, Metropolitan Life, New York Life Insurance and Scottish Amicable in Britain have led the way, and analysis predict that others will follow, especially once the European third life insurance directive, which allows mutuals to raise money in this way, is implemented in other European countries.

Problems Hover Over Europe's Insurers

By Aline Sullivan

WITHIN the next few months the French government will sell its majority stake in the flagship of the French insurance market, Union des Assurances de Paris. Who will buy? Just about everybody is the answer that the government would like to hear. Share allocations have been largely restricted to French investors, but UAP is just too big for the government to take a xenophobic attitude. The company ranks as Europe's second-biggest insurer after Germany's Allianz; its sale is likely to stimulate investor interest in the European insurance sector as a whole.

It is a sector that has passed through some tough times in recent years. A series of European Union directives designed to liberalize the insurance industry have sparked fierce competition in certain markets, particularly for large-scale industrial risks. More recently, plunging real estate values have damaged those insurers with substantial banking interests.

But insurers are often prized more for their investments than for the quality of their underwriting. Shares in many European insurers rose sharply last year, driven higher by investors eager to take advantage of economic recovery heralded by interest rate cuts. Many analysts now think the gains have been exaggerated.

Angus Runciman, insurance analyst at the London stockbrokerage Barclays de Zoete Wedd, expects problems this year as European insurers compete for market share by cutting premium rates. Only Europe's strongest companies, such as Munich Reinsurance and Swiss Reinsurance, stand to benefit from this fracas, he said.

"Shareholders will be called on to support this war of attrition," said Mr. Runciman. "The restructuring of balance sheets that we saw last year as insurers revamped their property and equity holdings plus the plethora of capital increases that we anticipate in 1994 will only exacerbate the situation."

Michael Wheathouse, insurance analyst at Nomura Research in London, is also bearish on the sector. "We won't see better underwriting results coming through until 1995 and yet we are not likely to see any more big cuts in interest rates. It won't be a very good year." This view reflects the analytical consensus that the outlook for British insurers is relatively flat.

Analysts also argue that most of the good news in the European insurance sector has already been discounted. But the French government's need to stoke up demand for its long list of privatization issues may offer investors some tempting opportunities.

Robert Tamm, continental European insurance analyst at the brokerage Credit Suisse

National markets will converge much faster than most insurers expect, giving those companies that have established a true pan-European presence a major advantage.

First Boston in London, predicted that the privatization of UAP and possibly Assurances Générales de France, or AGF, and any initial public offerings will be the best way for prospective investors to participate in the sector this year. Générale d'Assurances Nationales, or GAN, was also being touted by industry analysts as a good means of entry into the sector.

"Most of the big insurance stocks are unlikely to outperform the market indices over the next 12 months although they may be worth while longer term," said Mr. Tamm.

Other analysts are more optimistic about the sector as a whole. Tim Dawson, insurance analyst at Schroders Lehman in London, described himself as "selectively bullish" about the insurance industry.

"Insurance stocks were heavily driven by net asset appreciation last year," Mr. Dawson said. "This year there will be a much lower return on assets except in Italy where Assicurazioni Generali and Riunione Adriatica di Sicurtà should do well. So we have to look at earnings growth or anomalies in valuations."

Mr. Dawson is advising clients to buy shares in the Dutch companies Aegon, Axa and Internationale Nederlanden Groep, all of which are cheap relative to the sector and should show strong earnings this year. Mapfre of Spain is also attractive thanks to the growth potential of its Latin America operations, he said.

Pension reform should prove another boom. Analysts said. European governments are confronting the problems of their mounting deficits and aging populations by encouraging reliance on private rather than state pension. That is good news for companies with established life insurance operations, such as Prudential, Guardian Royal Exchange, Sun Alliance and Royal Insurance of Britain, Vital of Norway, Mapfre and Aegon.

Another consideration is currency exposure. Nomura's Mr. Wheathouse is advising clients to buy shares in France's Axa, Sweden's Skandia and the Swiss companies because they derive sizable proportions of their earnings in dollars, a currency he expects to appreciate this year.

Mr. Wheathouse argued that remarkably few European insurers are ready for the single European market. National markets will converge much faster than most insurers expect, giving those companies that have established a true pan-European presence a major advantage. Among the companies possessing such a presence are UAP and the Swiss giants Zurich and Winterthur, he said.

In July this year, the last of Europe's insurance premium tariffs will be dismantled when the EU's third life and non-life insurance directives come into force. For many companies, this is likely to herald an era of heightened competition and narrowed profit margins. For those few companies able to benefit from the continent with ease, it may just prove a bonanza.

Investors! Put Your Faith Not In Man but In Machines

Man versus machine? No contest, according to E.D.&F. Man Fund Division, which is launching a new guaranteed derivatives fund aimed at international investors. Mint Plus Guaranteed 2003 Ltd. entrusts its trading decisions entirely to the mechanized mind.

The fund should be viewed as a true hedge fund, according to Mint's chief investment strategist, Peter Matthews. But, he added: "Unlike other hedge funds, however, the portfolio is constructed entirely by tested computer-based rules, hence providing a discipline and consistency not found in other products which rely on the discretionary judgment of the managers. The computer-driven model also has the advantage of being able to track all of the markets simultaneously, always aware of and able to react to changes in value, trend and risk levels."

The firm says it hopes to achieve "substantial medium-term capital appreciation" by investing in a wide spread of equity markets, stock indexes, interest rate instruments, interbank foreign exchange forwards and commodity futures.

The fund seeks to raise \$20 million, and the minimum individual investment is \$30,000. Charges are "complicated," according to the firm, which suggests that investors investigate the structure for themselves. In outline, investors pay managers an incentive fee of 15 percent of gains, once they have attained a certain level.

E.D.&F. Man advises on investment for more than \$1.2 billion of assets, and has offices in 42 countries. For more information, call E.D.&F. Man in London at (44 7) 285-3200.

Scudder Stevens Proposes Way to Invest in Argentina

No doubt about it, emerging markets are getting a big push from Western fund groups. The latest is U.S. investment manager Scudder, Stevens & Clark, which is launching a new issue of shares in its Argentine-invested closed-end fund, The Argentinian Fund Inc.

The fund is currently listed on the New York Stock Exchange and has assets of about \$90 million. The manager has filed a registration statement with the Securities and Exchange Commission for a listing of a further 4 million shares, three-quarters of which will be offered in North and South America. The rest of the shares will be offered to international investors.

Subject to regulatory clearance, the new tranche is expected to be offered for sale in March.

Spread Around Biotech Risk Through a Rothschild Trust

Biotechnology stocks are not as fashionable as they once were, but still attract plenty of interest. A new fund will be available in April to enable international investors to tap that market, with the launch of Rothschild Asset Management's International Biotechnology Trust. The managers aim to provide investors with long-term capital growth by investing in the biotechnology sector worldwide. The fund's strategy will be to invest in companies approaching an initial public share offering, or which have recently been listed.

"The rapid growth of the biotechnology industry in recent years means that there are now

a large number of companies with products at a relatively advanced, and therefore less risky, stage of development," said Jeremy Curnock Cook, a director of Rothschild Asset Management.

"The final few years before the launch of a product often require the highest development expenditure and hence there are a number of opportunities in this area."

For more information call Rothschild Asset Management in London at (44 7) 280-5000.

U.K. Fund Manager Finds Side Door to Private Firms

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For more information, call London (44 7) 782 9829.

Correction: Micropal-IFDC Japan

Micropal's performance figures for one of the funds listed in last week's article on bottom fishing were wrong. IFDC Japan returned \$58.27 for every \$100 invested through the year of 1990, a performance which would have taken it out of the listing of worst-performing funds of the year. The performances for 1991, 1992, and 1993 were \$99.82, \$76.87 and \$120.66 respectively. We apologize.



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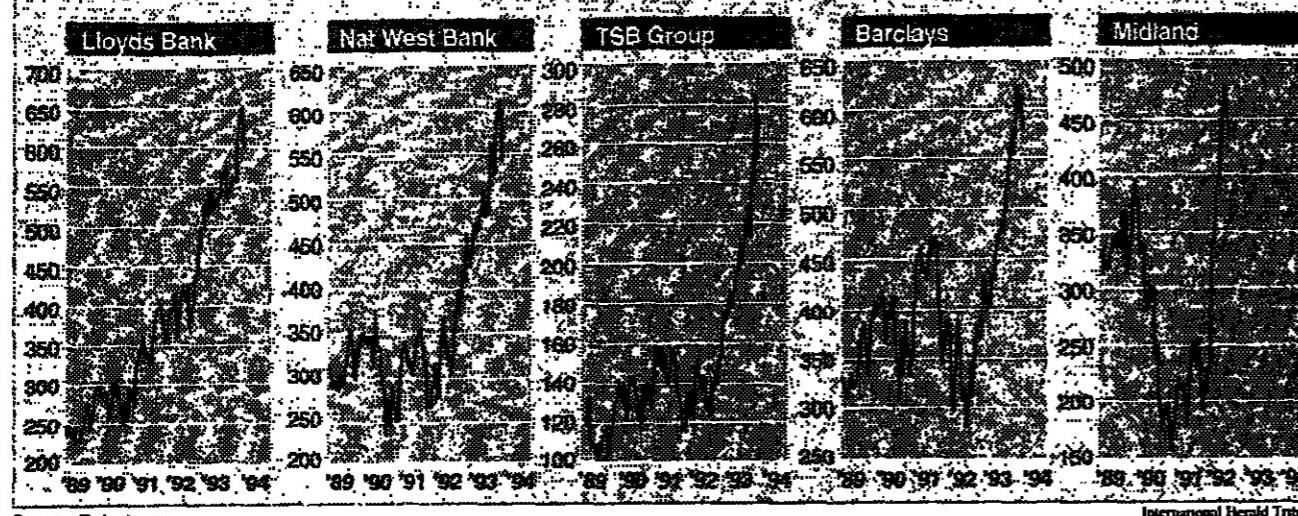
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THE MONEY REPORT

Banking on Britain Share prices in pence



Source: Datastream

Despite Experts, Financial Stocks Rise

By Rupert Bruce

ANYONE who bought British financial stocks prior to the pound dropping out of the European exchange-rate mechanism in August 1992 should be pleased. Taken as a whole, the sector — which includes banks, insurers, and investment managers — has performed handsomely and soundly beaten the stock market average.

But many of the experts now say financial stocks have gone far enough. A recent survey found that more investment managers disliked financial stocks than any other sector in the British market. Yet when Smith New Court, the broker that commissioned the survey, examined analysts' earnings estimates for the sector, it found that they were subject to greater upwards adjustments than any other.

So, while the stocks were widely disliked on the one hand, their share prices were under considerable upwards pressure on the other. This contrast caused Smith New Court's team of market strategy analysts to conclude: "This suggests that investors are trying to call the peak in the cycle and the danger is they are far too early."

The sector shot up after the pound's devaluation largely because falling interest rates were judged to be good for profits. In the case of banks, they would ease the pressure on hard-pressed borrowers. Both small businesses and property developers had been going bust by the dozen and the banks' profit and loss accounts had been devastated by provisions for bad debts. But once lower interest rates came through, the scale of provisioning eased.

The British recession also prompted banks to streamline their branch networks. Barclays, for example, is cutting its British staff by 21,000 people — about a quarter of its employees — between 1991 and 1993. The impact of falling bad debts and cost savings is clear at Barclays.

In the half-year to end June 1993, the last period reported, it earned before taxes £35 million (\$493 million). That compares with a loss of £242 million in the 1992 fiscal year.

Merchant banks' pretax profits have rebounded with the stock market. Their brokerage operations have benefited from strong equity and bond markets and high levels of activity. Investment management companies — many of which are subsidiaries of British merchant banks — have also performed well with the stock and bond markets. As returns on British deposit accounts have fallen with short-term interest rates, investors have transferred their savings to stock and bond funds.

The better these markets have performed, the more money has been transferred. Both life insurance and composite insurance companies' profits are also helped by rising stock and bond markets. They invest their premiums in the stock and bond markets until such time as they may be called upon to pay out. Obviously, if the markets rise strongly, they are more likely to have a surplus over their obligations.

Life insurance companies have also taken flight capital from deposit accounts because many of their products are quasi-investment products. The Association of British Insurers disclosed last week that sales of single premium insurance policies rose 23 percent in 1993.

Falling interest rates also help composite insurers because they face fewer losses from mortgage indemnity contracts as fewer households default. In addition, these factors have combined with a switch in the insurance cycle. Motor vehicle insurance rates started to harden in 1991 and commercial insurance rates in 1992.

Of all these types of stocks, fund managers are most bearish on the banks, which, strangely enough, are experiencing the largest upgrades in brokers' earnings estimates. It is generally accepted that British interest rates are pretty close to the bottom, so there will be no room for

improvement, but there may still be gains from cost savings.

Anthony Bolton is a senior fund manager at Fidelity Investments, the British offshoot of the U.S. mutual fund giant. Unlike the majority of investment management companies, Fidelity does not examine stock markets sector by sector, but just looks at individual stocks. The only two to have Mr. Bolton's eye among all the financials are Barclays and National Westminster. "Recovery in the bad debt situation combined with a cost cutting program is, we feel, quite powerful for the bottom line, and not fully discounted by the stock market."

Second to the commercial banks in terms of being out of favor yet constantly having their earnings upgraded are the merchant banks. It is difficult to find anyone with a good word to say about them.

"In the merchant banks there might be some concern that the ratings could slide as well as the earnings," says Philip Gibbs, an analyst at Barclays de Zoete Wedd, a U.K. investment bank.

Concerns about merchant banks center on their reliance on proprietary trading, or trading their own capital, for a significant fraction of their profits. Earnings from this area are notoriously erratic. Analysts also say there is not much merger and acquisition work around in London to occupy the corporate finance departments.

As for investment management companies, they are generally thought to be plays on the British stock market. So, if you think that it will continue rising, then you should buy these stocks.

Similarly, one could say that the whole sector was a way to bet on the British economy. The investment managers surveyed by Smith New Court might then be saying that the prices of financial stocks fully anticipate the recovery in the British economy. But if you think that they had underestimated it, and the size of the earnings upgrades suggest they may have done, then you should buy financial stocks.

Banks: Learning the Lesson of the '80s

By Conrad de Aenle

An increase in interest rates, such as the one engineered two weeks ago by the U.S. Federal Reserve Board, usually makes shareholders of bank stocks quiver. No need, at least not yet, say those who follow the industry. Banks are in such good shape, they say, that even if the multiyear period of easy money has ended, they ought to continue to thrive.

What is so right with banks is that for the first time in a long time, nothing is wrong.

The outlook is as bright for money-center banks as I've seen it in a decade," said an enthusiastic Brent Erenzel, who follows big banks for UBS Securities. "Throughout the 1980s you had something hanging around their neck, now there are no disasters on the horizon. That's what makes this truly refreshing."

After the crises of the early '80s, when banks made too many loans to too many poor credit risks, they learned their lesson — they cut back lending and immersed themselves in back services and operating earnings are at very high levels."

The most recent "blunders" in Third World lending and commercial real estate lending, Mr. Erenzel said, "are behind us, and capital reserves and operating earnings are at very high levels."

The outlook for trading, derivatives and underwriting is very good," he said. "In terms of basic corporate banking, wholesale lending to blue-chip corporations, the outlook is less clear."

Some banks, he noted, are building that part of their business back up. That's what Bank of America is attempting to do with its \$2 billion bid for Continental Bank. But others, such as Citicorp, Chemical and Chase, are emphasizing consumer banking, where the spread is wider between what they pay for money and the rate at which they lend it back out.

Although lending may be increasing, the rebound has not been particularly strong, said Nancy Stroker, an analyst at Fitch Investors Service.

"I haven't seen much evidence of it, but it has

to be increasing," she said. "Consumer borrowing, which is two-thirds of activity, is picking up, but corporate loan demand, I don't see being that high. Businesses have been cautious about raising funds."

As banks get stronger and diversify away from lending, they become less sensitive to changes in interest rates. The Fed's decision to nudge rates higher, the first such move in several years, sharply sent financial stocks lower. But as long as the Fed does little more than nudge, many analysts doubt that rising rates will do the companies much harm.

An environment with rising rates, said Mr. Erenzel, "is less positive than a steeply inverted yield curve with record low rates, but the fact that this has been widely anticipated puts banks in a better position to protect themselves than they ever have been." That outlook would change, he warned, "if the rate rise were swift and intense."

Smaller regional banks may actually do better as rates increase, said Nancy Bush, who follows the group for Brown Brothers Harriman. "Slowly, modestly rising short-term rates will actually help my companies," she said, because of banks' tendency to be agonizingly slow in passing on higher rates to depositors, while ratcheting them up at the first opportunity to borrowers.

Regional banks have most of their assets in variable-rate loans and get most of their money from customer deposits," she said. With little of their funds tied up in fixed-rate loans at low rates, they will feel little pain if rates rise.

While the impact of higher rates may not greatly harm banks' profitability, their effect on share prices may be harsher.

"Less than 5 percent on this year's earnings are at risk on a 100-basis-point rate rise," said Jim Schmidt, manager of the John Hancock Freedom Regional Bank Fund, who forecasts average earnings growth in the industry this year of 10 percent. "However, lots of investors are worried. It would hurt stocks because of market psychology."

Catherine Murray of J.P. Morgan, is less sanguine than the others about interest rates and their impact on bank shares.

"We're looking for the federal funds rate to rise about 100 to 150 basis points during the course of 1994," she said. "I don't think that's fully priced into the market yet. If that comes about, we'd expect bank stocks to trade down. We'd be looking for about 10 percent below current levels, maximum."

If that happens, she added, traders are not likely to distinguish between those banks that would be truly damaged by such an increase and those that would weather it in better shape.

"Banks tend to be viewed as interest-rate-sensitive stocks," the analyst said. "Some are more sensitive than others, but the market doesn't always differentiate among them. When they trade down, they do it as a group."

Even without the jolting rate rise that Morgan's researchers are expecting, she said, "there's going to continue to be a lot of uncertainty on rates, and that's going to hold bank stocks down."

All the same, should the group correct, she would be willing to step in and buy some of those issues with diversified businesses and minimal rate exposure. Two she mentioned are Norwest Corp., a commercial bank in Minneapolis, and Fifth Third Bancorp., a super-regional in the Midwest.

The case Ms. Bush likes are Fleet Financial Group in New England, which has "tremendous inroads to make in cost savings," and First Union, a Southeastern bank that is consolidating its operations after a round of mergers. Other favorites are KeyCorp, which Mr. Schmidt also likes, First Fidelity and PNC Bank Corp.

Others on Mr. Schmidt's list include First of America Bancorp in Michigan, which he said is a very low-risk play because it operates in less competitive markets, and InterCorp, which he sees as a potential acquisition candidate.

Looking at the bigger banks, Mr. Erenzel is fond of Chemical, which through ownership of Texas Commerce Bank offers a play on the expected increase in trade with Mexico. He also likes Bankers Trust, which he calls "a pure play on trading and derivatives," the latter a business that is growing at 25 percent a year and in which Bankers Trust is a world leader.

Beneficiaries of Change



Source: Bloomberg

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	POSITION IN INDUSTRY	PERCENTAGE GROWTH	POSITION IN INDUSTRY	PERCENTAGE GROWTH
International Growth	1	121%	1	121%
Emerging Companies	1	110%	1	110%
American Growth	1	100%	1	100%
Far Eastern Growth	1	90%	1	90%
Japanese Growth	3	98%	3	98%
European Growth	1	89%	1	89%
UK Growth	1	81%	1	81%
Global Bond	36	136%	36	136%
Asian Smaller Markets	13	94%	—	—

Positions are to 1st February 1994 and are on offer in US Dollars, net of reinvested income, net of withholding taxes. Source: Micropal.

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THE MONEY REPORT

Gaze of Investors Turning to India

The Risks of a New Market

By Kevin Murphy

A first glance the inexorable rise of Indian stocks looks like an unqualified bonus for the Western management companies leading the inward rush of investment capital. A rash of new Indian and subcontinent equity funds has appeared in step with changing perceptions about an economy on an upswing. The newcomers join a small group of established funds who suddenly find themselves awash in cash.

But there are two sides to the story. Along with the developing boom comes the technical problem of investing. As the Indian market opens itself up to international investment, problems are being experienced in processing domestic trades. And the Indian government acted last week to slow the pace of new share and bond issues in the international marketplace, citing concerns over the frenzied levels of activity, and India's overall indebtedness.

The avalanche began at the turn of the year. Net foreign investment was \$1 billion in 1993, with most of that coming in November and December; the Indian market index has risen around 50 percent in the past three months.

"India had been the quiet story of Asia, until recently," said Ian McEvitt, managing director of Indosuez Asset Management Asia Ltd. in Hong Kong. "Everyone gets excited about China, but India's potential is not far behind and it is increasingly less regulated and restricted when the two are compared."

Indosuez manages the Himalayan Fund, London and Amsterdam-listed and one of the first foreign funds to invest primarily in India when it first launched in June 1990. After some lean early days when it traded at a deep discount to its net asset value and experienced steady depreciation in the rupee, the closed-end Himalayan Fund has prospered.

Strong gains by Indian stocks in 1993 saw the Himalayan Fund's \$100 million start-up grow into a net asset value of \$170 million. This increase came, despite an 85 percent slide for the rupee

against the U.S. dollar during the period, a solid enough performance combined with widening foreign scrutiny of India to encourage Indosuez to expand the fund by another \$100 million through a placement of new shares in January.

"1994 will be a year of great opportunities in India," said Mr. McEvitt. "But we don't think people should go into this with their hands over their eyes. I would not be sanguine about trying to go into a country where experience counts so much."

Like Jardine Fleming Unit Trusts whose Hong Kong-based India Trust stopped taking new funds in January at \$420 million for fear that it could not invest it all efficiently, and a handful of other India veterans, Indosuez can argue strongly for entrusting money to experienced hands.

"We are going to see a multi-year bull run market in India," said Jonathan Boyer, who manages Jardine Fleming's India funds, which are set to grow to three in number with the addition of a New York-listed closed end fund, and United Kingdom investment trust.

"It's true there is a great deal more money looking at India right now," said Mr. Boyer. "But against a strong macroeconomic backdrop and continuing reforms, India investments should perform well on fundamentals for several years."

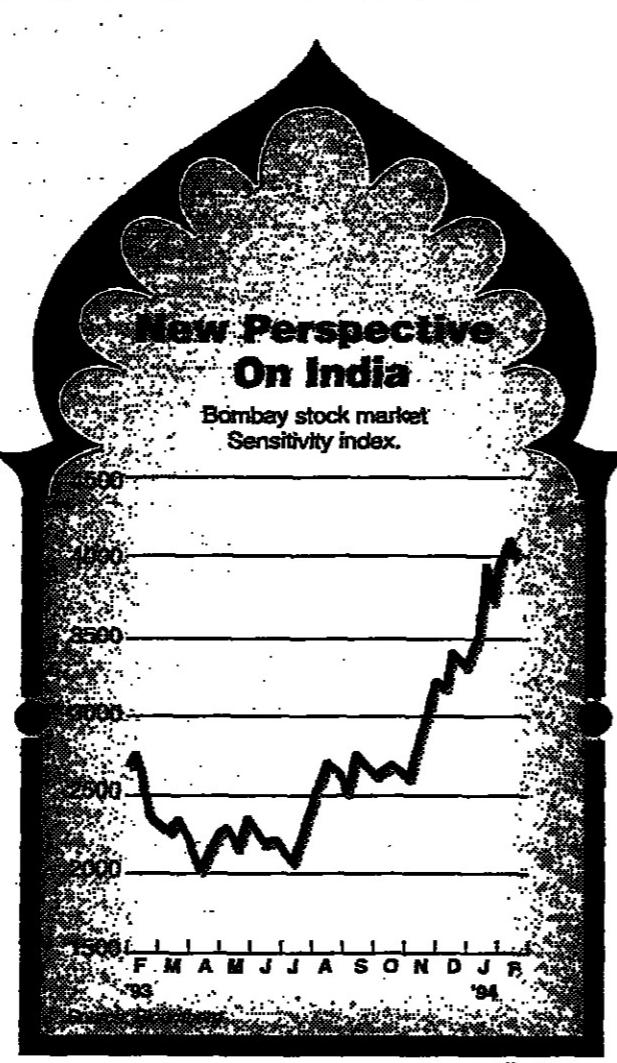
A wave of new funds willing to roll off the current trading environment could take those foreign investment figures higher as strategists re-evaluate their current weightings for India which, in general, are far smaller than the economy's potential.

Direct investment by Indian government-approved foreign institutional investors, which hit \$1 billion in 1993, and another \$1.2 billion raised by blue chip Indian companies through issues of equity-linked convertible bonds and Global Depository Receipts indicate appetites are growing for Indian exposure.

Fund managers everywhere are buying India now and the prices of Indian convertibles reflects it," said Steven Petersohn, of Jeffries Pacific Ltd. in Hong Kong, which trades equity-linked derivatives.

"Convertibles are the cleanest, fastest and easiest way to participate in a potentially explosive market."

Investors watched with delight as Indian convertibles, such as



those issued in December by the cement maker Gujarat Ambuja Cements, rose sharply in value as their premium to the underlying share price actually expanded.

Gujarat Ambuja's \$75 million bond was issued at par on a 7.6 percent premium to the underlying price at the time. By early January the bond had reached 140 while the premium on the bond relative to the underlying shares had increased to 21 percent.

Generally such a scenario isn't sustained for long unless demand greatly exceeds supply. Investors would normally switch their high-priced bonds into the underlying equity instead. But it hadn't happened yet in this case because many fund managers are not fully comfortable with direct investment in Indian equities.

How long those high premiums remain intact depends on whether demand for quality Indian paper continues to outstrip supply. A number of new big issues were expected to be launched in 1994, and were seen as a potentially stiff test for a relatively young market. Now the question is how long the Indian government's informal poli-

cies of discouraging further issues will prevail.

Foreign investors were only allowed into India's protected stock markets in September 1992 and overseas stockbroking firms were only recently permitted to conduct correspondent brokering for overseas clients.

India for many investors is a leap into a mysterious market. Not knowing many of the locally listed companies well enough to buy their equity, or unimpressed with a complicated clearing system and a 30 percent capital-gains tax on short-term trading profits, many foreigners have instead chased the paper that has been brought to them by people they already know.

But, with an avalanche of money seeking high returns pouring out of Europe and North America, and other stock markets in southeast Asia twice as expensive as they were a year ago, attention is focusing on India.

And, as with most emerging markets, the best returns will be found those prepared to dive into a large pool (6,000 companies listed on the country's exchanges) where few have swum before.

A Bubble in German Bank Stocks?

By Ann Brocklehurst

GERMANY's three main banks have sailed through the country's severest post-war recession with record profits, but despite outperforming just about every other national industry in terms of profit growth, only one of the big three banks managed to outperform the German stock market in 1993. Shares of Commerzbank posted a 59 percent gain last year compared to a 42 percent rise in Frankfurt's DAX index while Deutsche Bank and Dresdner climbed 37 percent and Dresdner Bank climbed 31 percent.

Among European banking industry analysts, there is no consensus as to where the share prices are headed from here. Some analysts recommend the German banking sector as a whole, while others expect it to underperform. Some analysts see Dresdner Bank alone as a "buy," while others favor just about every other big bank. Opinion is also sharply divided on Commerzbank. And while Deutsche Bank provokes less controversy than the other members of the big three, there is no unanimity on its fate either.

Banckhaus Julius Baer in Frankfurt currently has "buys" on Deutsche, Commerz, Bankgesellschaft Berlin and DePfa Bank, a situation banking analyst Manfred Piontka describes as "exceptional." Normally, it only recommends one German bank at a time for purchase, but because it is "very optimistic in the middle to long term" about the sector, it is in the unusual position of recommending four.

Many investors in German stocks have moved into chemicals, steel and now autos,

hoping to benefit from an imminent turnaround after the years of shrinking profits and, in some cases, losses. Mr. Piontka noted that for banks, whose profits have continued to grow throughout the recession, the turnaround will make itself felt in reduced loan loss provisions that should boost earnings even higher.

The banks, which will report their 1993 results in March, have released 10-month results in which the respective provisions against loans losses for Deutsche, Dresdner and Commerz were, respectively, 2.46 billion DM (\$1.43 billion), 1.25 billion DM and 1.37 billion DM. A Salomon Brothers' report on German banks estimated Deutsche Bank's provisions rose to 3 billion DM for all of 1993 and then will drop off to 2.8 billion DM in 1994 and 2.3 billion DM in 1995. Salomon sees both Dresdner and Commerz following a similar pattern.

"As the German economy stabilizes in 1994, we expect the pace of domestic credit deterioration to be slower than in 1993," a European banking analyst, John Leonard, wrote in the report. "This already appears to be happening in Eastern Germany, where all three banks are now profitable after provisions have been taken."

Salomon has a "buy" recommendation on Dresdner and "holds" on Deutsche and Commerz. Dresdner Bank "remains our top choice based on its balance between banking and nonbanking investments and the relatively modest share valuation," the report says. "Our stance on the other two banks is also positive, but we lack sufficient near-term conviction that the shares will outperform the market to support a 'buy' rating."

In 1993, German banks were able to more

than make up for the hefty amounts allocated to loan loss provisions with the commissions and trading profits derived from surging securities markets. "This is one of the advantages of Germany's universal banks," Mr. Piontka said.

But the universal banks also have illustrated their disadvantages, as has recently been illustrated by the problems of the mining and metals giant Metallgesellschaft AG. As well as combining the functions of commercial banks, merchant banks and brokerage houses, German banks are major shareholders in many of the country's biggest and best-known companies, creating a concentration of financial power.

Both Deutsche and Dresdner not only hold major stakes in Metallgesellschaft, but they are also among its most important creditors and have seats of its supervisory board. When Metallgesellschaft announced that its losses for the fiscal year ended Sept. 30, could total 3.3 billion DM, holders of bank shares were predictably upset. While the company has now agreed to a restructuring program approved by both its German and foreign bankers, more bad news could have a negative impact on the banks' share prices.

Michael Wheathouse, financial analyst at Nomura Research Institute, believes that analysts basing their predictions for recovery and improved loan loss provisions on the pattern established in the 1980s recession may be too optimistic.

"For me the decisive thing is that the recession in Germany is more serious this time around. I think the asset quality problem is more serious," he said. "I'm sitting on the negative side of the fence."

The Risk-Free Option: Savings Accounts

AFTER the Spanish central bank stepped late last year to take control of Banco Espanol de Credito, or Banesto, edgy depositors pulled out some 300 billion pesetas (\$2.12 billion) in deposits in the next 10 days. While it is not hard to understand the depositors' worry, it is more difficult to justify it, banking analysts say.

Despite the horror stories, stashing one's savings in the local bank remains an almost risk-free option. The main drawback is, as it always has been, the low rate of return compared to other investments.

David C. Cates, chairman of the Cates Banking Service in Washington, said this was not necessarily a smart thing to do. "A flight to quality is not always good for the customer," he said. "Those are the banks that pay the least."

"Instead of the safest banks, what the consumer wants to do is avoid the rockiest," he said. "That's better advice."

But according to Robert Heady, publisher of the Florida-based Bank Rate Monitor, times have changed to the point where it is now possible for depositors to have their cake and eat it too. He says the theory about the shakiest banks paying the highest yields "was correct four or five years ago but it has now gone out the window."

Bank Rate Monitor's list of the banks paying

the 100 highest yields in the U.S. show that 65 are rated three-star by the bank-rating organization Veribanc, 18 are two-star, three are one-star and 20 have no stars. That compares to three years ago when only 32 were three-star, 11 two-star, 14 one-star and 44 no-star.

IBCA awards its highest triple-A credit rating based either on a bank's own merits or because it is guaranteed by the state. Including J.P. Morgan, there are currently only six banks worldwide who have earned the rating independently. They are Germany's Deutsche Bank, the Netherlands' Rabobank Group, Swiss Bank Corp., Union Bank of Switzerland and Credit Suisse.

While Mr. Andrews said that companies and institutions might prefer to stick to triple-A rated banks to keep themselves safe and liquid, he does not recommend a similar strategy for private individuals dealing in smaller amounts. "They would be silly not to try to get more return," he said.

He also suggests bank customers "stay at home. I wouldn't advise any individual to start placing money with foreign banks at all. There's not just the bank collapse risk, but the exchange collapse risk as well."

— ANN BROCKLEHURST

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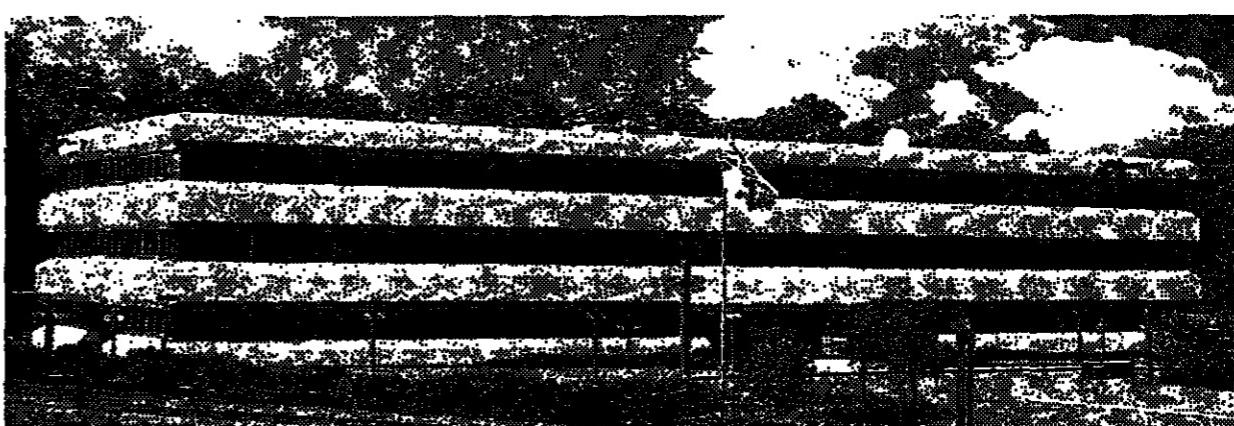
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THE MONEY REPORT

U.K. Firms in Asia; Tighter Money on Wall Street; Japan's Looking Up

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director,
Guinness Flight
Global Asset
Management

Over the rest of the decade, self-evidently, North America, Europe and Japan will be importing increasing volumes of manufactured goods from China, Southeast Asia, India and Latin America. Equally, all these countries will need to make massive infrastructure investments in their economies to sustain their high growth rates, while as their living standards improve, they will also be importing more luxury goods and services from the mature economies. A recent survey has estimated a doubling in the volume of trade between the United Kingdom and the Far East by the end of the decade.

The first issue which stands out here relates particularly to Europe. The underlying commercial logic of the last 30 years behind those arguing for the necessity for Britain to integrate into Europe has been that this was where the potential lay to increase trade and exports. Ironically, since EC membership, the United Kingdom has built up a growing trade deficit with the rest of Europe. Notwithstanding, there is clearly some logic in thinking of Western Europe, collectively, as a large "home-base" market analogous to that of the United States, accommodating large economies of scale. Economic trends are, however, now moving in the opposite direction of those perceived 30 years ago. Britain and other European countries now have much greater scope to increase their trade with and exports to the fast-growing emerging economies. Indeed, it will become an economic necessity of life so to do, in order to sustain employment, and to pay for increasing imports from the emerging economies.

The United Kingdom is potentially well placed in comparison with many other European economies. Britain has a heavy preponderance of internationally active companies. English is the main language of international trade, and Britain and Italy are the two most competitive European economies in terms of their cost bases. In general, there are good long-term historic relationships frequently going back many years, when the door is open to the United Kingdom.

The implications of BMW's acquisition of Rover could hold out more than just intra-European prospects. From a governmental point of view, it is also clearly important to give a higher priority in fostering good relations and assist-

Outlook

ing British trade with China, Southeast Asia, India, South Africa, Latin America and Eastern Europe. A principled stand for democracy in Hong Kong where the "Chinese hongos" who control Hong Kong are already sorting out the future political arrangements with Beijing looks to be questionable, at least commercially, and the Chinese government cannot afford, practically, to permit a democratic government in what will become an important part of South China without tempting the whole of Southern China to secede.

Historically, the United Kingdom has a long and successful tradition as a "city-state" involved in global trading and still has the highest level of trade in relation to gross national product. So far, the United States seems to have "got the message" more effectively; already a large number of major infrastructure exports and projects are coming up weekly, where the United States is winning a high proportion of the business. The U.S. government also has the "leverage" advantage in many cases of its military umbrella.

From an investment point of view, five points stand out:

- Those North American and European companies which are well-run and well-placed in winning major infrastructure contracts should show substantial profit growth.

- It is good economic news for the world that there is already a rising trend for infrastructure imports by the emerging economies.

- It will be of major importance for both the economies and exchange rates of the economically mature countries as to whether they are able to exploit these opportunities.

- The successful emerging economies will need to develop their bond and financial markets to finance major infrastructure investments where these markets are likely to become a more important part of the global financial markets more quickly than many expect, particularly in the case of Asia.

- Where successful emerging economies have sharply undervalued currencies in terms of their "purchasing power parity," their exchange rates can be expected to strengthen materially, both as a result of the deregulation of their financial markets and of basic interest in reducing the costs of infrastructure imports, where higher added-value exports do not need such undervalued currencies — the Japanese case study, over the last forty years.



Christopher Kwiecinski,
investment manager,
Banque Indosuez,
Global Private Banking

hardly shocking, its psychological effect should not be underestimated. The reversal served as a reminder that the American stock market's driving force has shifted from interest rates to earnings. In this new phase cyclical stocks are likely to fare better but positive earnings surprises will provide opportunities to sell into rallies.

As a little-publicized example, bonds outperformed equities in the United States last year and while a reversal is expected in 1994, an even more neutral stock market position is warranted. To be sure, rising money market yields are still far below levels threatening equity valuations, but if the monetary tightening does not produce a flattened yield curve, the risk of a correction among share prices will mount larger. Further, to the extent that higher interest rates are likely to reflect a stronger economy and rising credit demands, higher-yield fixed income securities, both sovereign and corporate, may still offer attractive prospects.

The appearance of amber lights on Wall Street carries implications for other international equity allocations. In general, the following countries have shown historically low correlations with the U.S. market returns: Japan, Australia, Germany, Italy, Spain and, among the emerging markets, South Korea and Mexico. The usual caveat about past performance applies, of course, but it should nonetheless beat the dashboard. However, the recent weeks helped underscore the sensitivity of the Southeast Asian markets in the U.S. interest rate cycle should lead to a strategic rebalancing of their portfolios.

First, last week's decision by the Federal Reserve should have reassured U.S. dollar-based investors to stay with their long dollar positions and confirmed the need to hedge their exposure into European financial assets. Nonetheless,

the short-term upside potential of the American currency will be capped by the threat of the Bundesbank intervention as well as the length of its apparent pause in monetary easing. The German central bank, largely preoccupied with domestic concerns, missed an opportunity to reduce interest rates earlier in January. This brings the question whether the expected monetary easing in continental Europe will be sufficient to pull bond yields down to cyclical lows this year. Delays similar to the current one will trigger bond market corrections and also trading opportunities where the bears are likely to find headwinds, albeit less strong than last year.

While the magnitude of the tightening by the Federal Reserve was



Anna Tong, director,
Aetna Investment
Management
(Hong Kong) Ltd.

ket was extremely wary of Prime Minister Morihiro Hosokawa's shaky coalition government, which was deeply engrossed in political reform debates and seemed to be ignoring the plunge in the market and the economy. In the "old" days, the then-powerful ruling Liberal Democratic Party supported the market with repeated fiscal stimulus packages and its Price Keeping Operation. The new government's inability to enact meaningful reforms and its decision to be conspicuously absent from the market by not establishing a second PKO helped to shatter investor confidence. As a result, the market fell 15.7 percent in November and rebounded only slightly in December.

In January, however, a few forces combined to improve investor sentiment substantially. In the first half of the month the stock market was propelled higher by significant foreign buying of export-related "blue chips," as investors became optimistic on the back of the weakening yen. In the second half of the month the market initially came under pressure amid continuing concerns about the government's ability to engender a meaningful recovery, but it rallied by 7 percent on the last day of the month after coalition reached a compromise that paved the way for an income tax cut and other economic stimuli.

There is no question that the economy remained in the doldrums at year-end, with the unemployment rate rising to 2.9 percent, industrial production falling 4.5 percent and department store sales

falling 6.6 percent in 1993 from a year earlier.

However, we believe that these gloomy statistics are already factored in Japanese prices and thus continue to maintain a positive outlook for the Japanese market this year. Going forward, the new 15 trillion yen stimulus package

and the unspent portion of previous packages (totaling 25 trillion yen), the low and falling interest rate environment, normal cyclical replacement demand, and extremely low inflation should provide an environment in which the Japanese stock market can continue to outperform.

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SPORTS

N. Carolina Falls Again, No. 5 Louisville Upset

The Associated Press

The North Carolina Tar Heels can't win when they're No. 1, and now they can't win when they're No. 2. North Carolina was upset, 77-69, at Clemson as the bumpy road continued for the top-ranked college basketball teams.

It has been a rough season at the top of The Associated Press rank-

COLLEGE BASKETBALL

ings, with a different team taking over the No. 1 ranking each of the last seven weeks. The Tar Heels have lost the No. 1 ranking three times this season.

Clemson's Jeff Brown, the best 3-point shooter in the Atlantic Coast Conference, sank five from long range and finished with 17 points. The Tar Heels led 35-34 at halftime, but Brown gave Clemson (13-1), 4-7 ACC, the lead for good on a 3-pointer with 10:06 to play.

It was the second straight defeat for the Tar Heels (20-5, 8-4), who lost to Georgia Tech on Saturday.

N.C.-Charlotte 64, No. 5 Louis-

vile 62: At Charlotte, freshman Shanderick Downs made all four of his 3-point shots for a career-high 14 points. The 49ers (13-3, 6-3 Metro Conference) had lost five of eight coming in. The Cardinals (20-3, 9-2) had their 10-game winning streak snapped.

No. 8 UCLA 76, Arizona State 70: Cameron Dollar's driving layup with 57.8 seconds remaining helped lift the visiting Bruins past the Sun Devils for the 11th straight time. The Bruins (18-2, 11-1 Pacific-10) converted four free throws to cinch the victory. Arizona State (12-9, 7-5) led 36-35 at halftime.

SIDELINES

Els and Burke Lead Australian Golf

MELBOURNE (AP) — Ernie Els of South Africa fired his second consecutive 3-under-par 70 on Thursday and shared the second-round lead in the Australian Masters golf championship with the American Patrick Burke.

Burke shot a 71 for a 140 total. Russell Swanson and Peter Teravainen both shot 70s and were one stroke back at 141.

Canadian Football Goes to Baltimore

BALTIMORE (AP) — Larry Smith, the commissioner of the Canadian Football League, has formally introduced Baltimore as the league's 11th franchise. The announcement came several months after the National Football League spurred the city's bid to acquire an expansion team for the 1995 season.

The team, which cost Jim Sparro \$3 million, will begin its training camp under Coach Don Matthews in June and begin its first season in July. The nickname, if Sparro has his way, will be the Colts. An NFL official wrote Smith a letter threatening a lawsuit if Sparro uses the same nickname as the Indianapolis Colts (formerly the Baltimore Colts).

Gretchen Fraser, Gold Medalist, Dies

SUN VALLEY, Idaho (AP) — Gretchen Fraser, the first American to win an Olympic gold medal in skiing, died Thursday of natural causes at the Wood River Medical Center. She was 75.

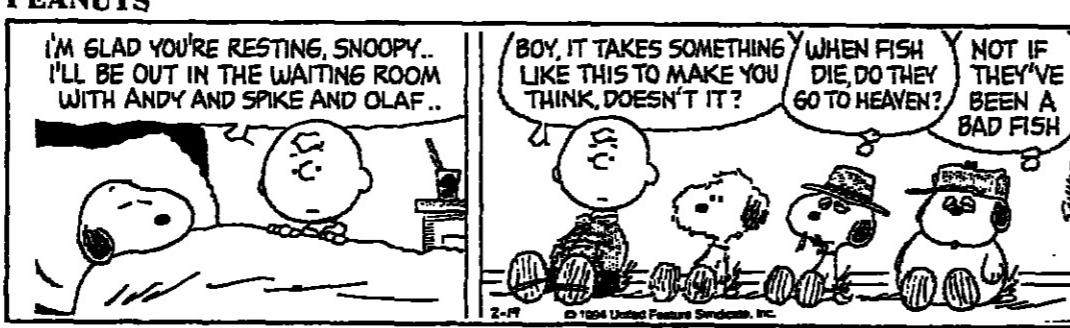
Fraser won the gold medal at the 1948 games in Switzerland, in what is known today as the giant slalom. She also took the silver medal in the combined slalom and downhill.

For the Record

Lou Holtz, football coach at Notre Dame, denied a Florida newspaper report that he was a candidate for the head coaching job for an NFL expansion team, the Jacksonville Jaguars.

The Green Bay Packers' injured linebacker, Brian Noble, retired Friday from pro football, and said he would become a broadcaster. He had an injury to his right knee that required reconstructive surgery. (AP)

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Eric Montross of North Carolina, left, and Andre Bovine of Clemson scramble to recover a loose ball.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct GB

	W	L	Pct	GB
New York	35	13	.750	—
Orlando	30	20	.563	6
Miami	33	34	.510	9
New Jersey	34	34	.500	10
Boston	30	37	.468	14
Philadelphia	28	39	.444	16
Washington	14	33	.277	18½
Central Division				
Chicago	34	14	.708	—
Atlanta	30	13	.729	½
Pittsburgh	25	24	.510	4
Indiana	24	34	.414	6
Charlotte	23	35	.477	11
Milwaukee	14	34	.286	19
Detroit	14	34	.286	23
WESTERN CONFERENCE				
Midwest Division				
Houston	35	13	.750	—
San Antonio	37	14	.729	½
Utah	32	26	.549	13
Minnesota	22	36	.400	15
Dallas	15	33	.316	20½
Pacific Division				
Seattle	34	13	.744	—
Golden State	29	20	.572	4
Portland	28	21	.571	9
Los Angeles Clippers	17	30	.343	17
Sacramento	16	33	.227	21
THURSDAY'S RESULTS				
New Jersey	27	23	.540	—
Boston	27	24	.537	—
N.J.: Coleman 10-15 5-5 3L, Edwards 11-17 2-2 1-2.				
19. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Boston 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
20. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
21. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
22. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
23. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
24. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
25. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
26. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
27. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
28. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
29. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
30. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
31. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
32. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
33. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
34. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
35. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
36. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
37. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
38. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
39. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				
Robinson: New Jersey 42 (Cohen 17), Bos-				
ton 52 (Perry 19). Assist: New Jersey 35 (An-				
ton 11), Boston 19 (Tucker 12).				
40. A: West 11-15 4-5 5L, Person 9-18 1-2 24, W-				
Gigliotti 7-3 0-4 18, Adams 12-37 5-7 18.				
41. B: Doubles 4-13 2-3 14, Oliver 6-11 2-2 16.				

SPORTS WINTER OLYMPICS

Olympic TV Schedules and Events

Saturday's Events

All times are GMT.
 Alpine Skiing — Women's downhill, 1000.
 Bobbed — Two-man first and second runs, 0900.
 Cross Country Skiing — Men's 15 kilometers free pursuit, 1130.
 Figure Skating — Men's freestyle, 1800.
 Ice Hockey — Canada vs. Slovakia, 1400; Italy vs. France, 1630; United States vs. Sweden, 1900.
 Nordic Combined — Individual 15-kilometer cross-country, 0930.
 Speedskating — Women's 500 meters, 1300.

Saturday's TV

EUROPE
 Austria — ORF: 0800-0850, 0950-1730, 1800-1845, 2140-2355.
 Britain — BBC1: 1215-1715; BBC2: 0845-1100, 2010-2205.
 Bulgaria — BNT/Channel 1: 1200-1330, 1700-1845, 2205-2345; Channel 2: 1700-1745, 2025-2330, 0300-0100.
 Czech — HRT/TV2: 1840-1845, 1850-2145, 0050-0150.
 Denmark — TV2: 1715-1745, 2030-2100, 2220-2300.
 Czech Republic — CTV/Channel 1: 0915-1330, 1945-2015, 2300-2355; Channel 2: 1455-1730, 2115-2245.
 Denmark — BR: 1050-1300, 1530-1800, 2115-2145, 0005-0100.
 Estonia — ETV: 1120-1600, 1915-1945, 2145-2400.
 Finland — YLE/TV1: 1110-1600; TV2: 2200-2400.
 France — FR2: 1034-1255, 1725-1945; FR3: 0930-1000, 2005-2025; TF1: 1055-1215, 2045-2235.
 Germany — ZDF: 0850-1730, 2035-2330.
 Greece — ET1: 1230-1300, 1515-1700.
 Hungary — MTV/Channel 1: 1335-1500, 2005-2020; Channel 2: 1100-1300, 2230-0050.
 Iceland — RUV: 0800-1100, 1255-1400, 1650-1750, 1825-1855, 2240-2310.
 Italy — Rai: 0035-0050; RAI2: 1050-1400, 1730-1800, 0335-0130.
 Latvia — LT/Channel 1: 1915-1945, 0300-0100; Channel 2: 1055-1330.
 Lithuania — LRT: 1230-1430, 2130-2150, 0030-0100.
 Luxembourg — CLT: Highlights on evening news, 1900-2000.
 Macedonia — MRTV/Channel 1: 0200-1030, 1120-1300, 1855-1830, 1715-1745, 1755-1830, 1855-2120, 2230-2300; Channel 2: 0855-1830, 1755-2040; Channel 3: 0950-1135, 1125-1455, 1825-1900; Channel 4: 1755-2145, 2145-2400.
 Monaco — TMC/IT: 1045-1400, 1745-1940, 0045-0245.
 Netherlands — NOS: 0930-1724, 1840-1850, 2030-2315.
 Norway — NRK: 0900-1800, 2000-2400; TV2: 1845-1900, 2120-2230.
 Poland — TVP/PR1: 1100-1150, 1645-1730, 2100-2300; PR2: 0955-1100, 1400-1610, 1930-2100, 2145-2200; PR3: 0055-0105.
 Portugal — TV2: 2300-2330; RTP1: 1100-1120.
 Romania — RTVR/Channel 1: 1150-1230, 1915-1945, 2230-2345, 0300-0700; Channel 2: 2055-2330.
 Russia — RTC: 1220-1330, 2140-2200; RTR: 1250-1320, 1800-1700, 2125-2155, 0300-0125.
 Slovakia — STV/SK: 0600-0830, 1020-1730, 1815-1845, 2100-2245.
 Slovenia — RTVLSL: 1030-1845, 1930-2100, 2045-0045.
 Spain — RTVE: 1000-2400; TV2: Starting at 1130.
 Sweden — SVT/TV2: 1015-1230, 1330-1430, 2000-2400; Channel 1: 1230-1330, 1830-2100.
 Switzerland — TSR/TV/SR: 0655-1330, 1355-1620, 1825-2340, 5-8-1900-2230.
 Turkey — TRT: 1735-1815, 2150-0000.
 Ukraine — DTRU/UTI: 1120-1330, 1815-1845, 1955-2045, 2100-0100; UT2: 1700-1740; Europe — 0800-2200, 0100-continuous coverage.

ASIA/PACIFIC

All times are local.
 Australia — Channel 9: 2000-0100.
 New Zealand — TV1: 0700-0800, 2300-2400.
 Japan — NHK: 2200-2400 (general); 1320-1500, 1800-0830 (satellite); 1300-1500, 1800-2200 (Hi-Vision); Papua New Guinea — EMTV: 0630-1200, 2200-0000.
 China — CCTV: 2100-2400.
 Hong Kong — TVB: 2400-0100.
 South Korea — KBS: 0100-0230; MBC: 1400-1700, 2100-0230.
 Malaysia — TV3: 2315-0015.
 Singapore — SBC/Channel 12: 2400-0100.
 Star-TV/Prime Sports — 0800-1000, 1230-2030, 0200-0800.
NORTH AMERICA
 All times are EST.
 Canada — CTV: 0800-0900, 0900-1700, 1900-2200.
 United States — CBS: 1300-1800, 1900-2300, 2335-0035.
 Mexico — Televisa: 1200-1500, 2200-2230.

OLYMPIC SCOREBOARD

MEDALS

COUNTRY	G	S	B	FRIDAY'S RESULTS		
				Alpine Skiing	Biathlon	Speed Skating
Russia	5	5	5	1	1	1
Italy	5	5	2	1	1	1
Germany	2	1	1	1	1	1
United States	3	2	0	1	1	1
Canada	2	2	0	1	1	1
Netherlands	0	1	2	1	1	1
France	0	1	1	1	1	1
Poland	0	0	1	1	1	1
Belarus	0	0	1	1	1	1
Kazakhstan	0	0	1	1	1	1
China	0	0	1	1	1	1
W. Germany	0	0	1	1	1	1
U.S.S.R.	0	0	1	1	1	1
Japan	0	0	1	1	1	1
Alpine Skiing	1	1	1	1	1	1
Biathlon	1	1	1	1	1	1
Speed Skating	1	1	1	1	1	1

BIATHLON						
Women's 15 Kilometers						
Men's 10 Kilometers						
Men's 20 Kilometers						
Men's Relay						

SPEED SKATING						
Women's 1500 Meters						
Men's 1000 Meters						
Men's 5000 Meters						
Men's 10000 Meters						

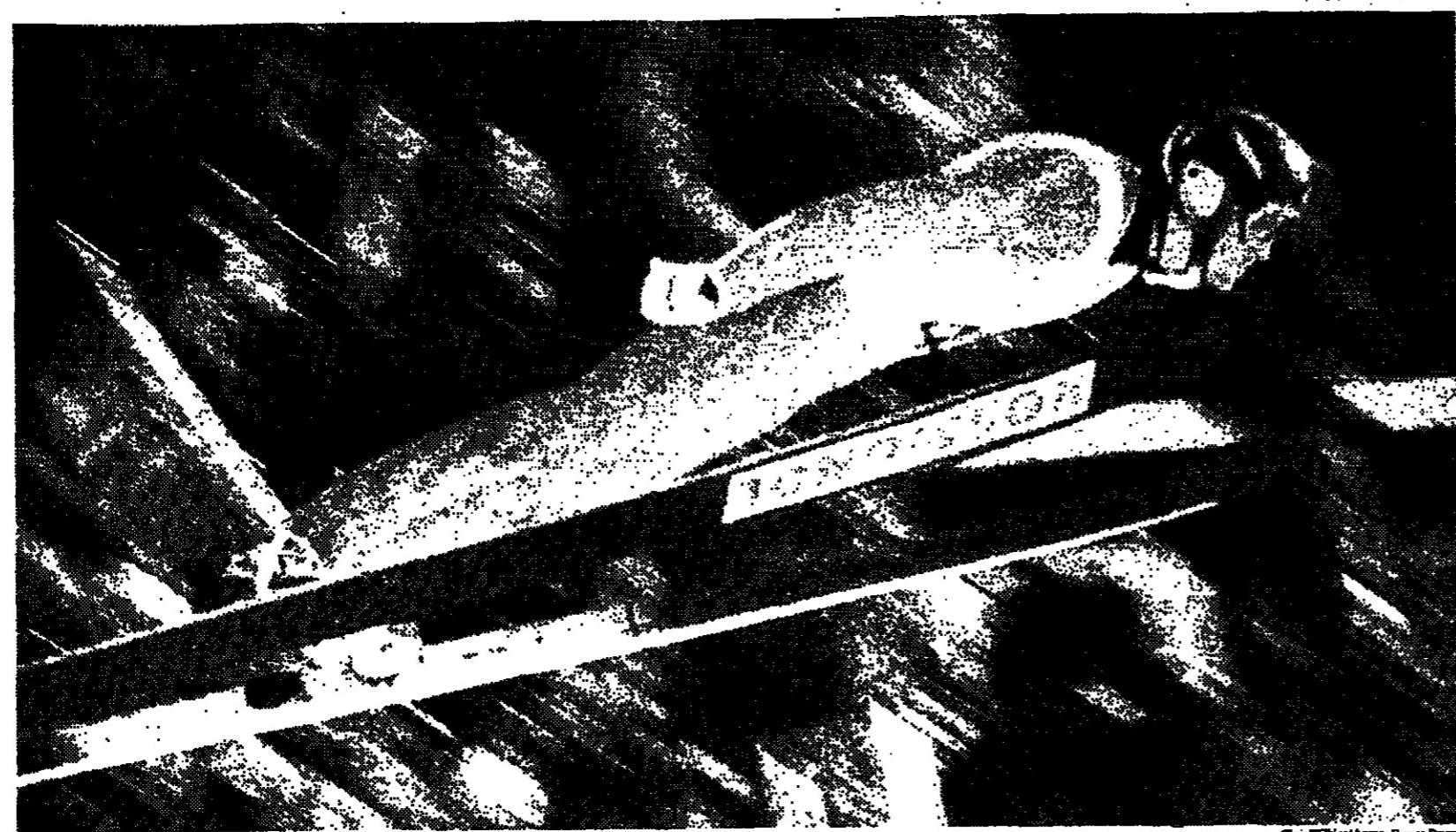
NORDIC COMBINED						
Men's 10 Kilometers						
Men's 4x5 Kilometers						
Men's Relay						
Women's 10 Kilometers						

ICE DANCE						
Men's 100 Meters						
Men's 200 Meters						
Men's 400 Meters						
Men's 800 Meters						

FIGURE SKATING						
Men's Single						
Women's Single						
Men's Pair						
Women's Pair						

COMBINED						
Men's 10 Kilometers						
Men's 20 Kilometers						
Men's Relay						

SPORTS WINTER OLYMPICS



Fred Borre Lundberg of Norway soaring to his triumph in the ski jump part of the nordic combined event on Friday. He takes a 23-second into the cross-country segment.

Lundberg Leaps Out in Front in Nordic Combined

The Associated Press

LILLEHAMMER — Fred Borre Lundberg of Norway won the ski-jumping portion of the Olympic Nordic combined event Friday and will take a 23-second lead into the cross-country ski race that will decide the gold medal on Saturday.

Lundberg's closest competitors said they did not think they could catch him in the 15-kilometer race.

Kenji Ogawa of Japan, the world champion, who usually depends on good jumps to

carry him to victory, will start the race 1 minute, 46 seconds behind Lundberg.

Cheered on by more than 20,000 spectators and hundreds of Norwegian flags waving, Lundberg went 92.5 and 92 meters (301½ feet and 300 feet) in his two jumps for a total score, including style points, of 247.0.

Ago Markvardt of Estonia jumped 92.5 and 91 meters for 243.5 points, putting him 23 seconds behind Lundberg at Saturday's start.

"I don't think I'll be able to beat Lund-

green," Markvardt said.

Another Norwegian, Bjarte Engen Vik, had 240.5 points for jumps of 91.5 and 92 meters, putting him 43 seconds behind the leader at the start of the cross-country.

"Fred will take the gold," he predicted.

Lundgren agreed.

"Normally, I should win the cross-coun-

try," he said. "I was terribly nervous at the top, but I managed to concentrate."

Japan's Takanori Kono, who currently stands second in the World Cup, jumped 91 and 92.5 meters for 239.5 points and will start 50 seconds behind.

Ogawa, who generally had been exceeding 90 meters in practice jumps, went 89 and 88 meters for 231 points.

Japan's Junichi Kogawa had the day's best jump — 93 meters — but coupled with a first jump of just 80.5, it was good for only a 220.5 total. In eighth place, he was 2:56 behind.

Fabrice Guy of France, the 1992 gold medalist, had 191 points after jumps of 85 and 76 meters. He stood 31st, 6:13 behind.

OLYMPIC NOTEBOOK

Compiled by Our Staff From Dispatches

An American journalist offered 500 kilograms (1,100 pounds) of cod but failed to get an interview with the figure skater Tonya Harding.

"I'm not for sale," said Trond Roedmoen, an official at the Hamar Olympic village, where Harding is staying as is her rival, Nancy Kerrigan.

The fish offered for smuggling the reporter into the village was *haikfisk*, a Norwegian favorite traditionally served with bacon fat, boiled potatoes and mushy peas.

A ridge of high pressure that has pushed daytime temperatures in Lillehammer up to a more bearable minus 7 centigrade (19 Fahrenheit) is set to continue, Games organizers said.

But in Hamar, the site for figure and speed skating, 60 kilometers (37 miles) south of Lillehammer, it was still biting cold — minus 25 centigrade on Friday morning.

"We're happy that all the events in Hamar take place indoors," a spokesman said.

The International Olympic Committee said this week that the Lillehammer Games were the coldest Olympics on record.

• Lillehammer police are jailing Olympic tourists regularly — giving them a place to spend the night.

Officer Rigmor Saether said she did not want the police station to become just another cheap hotel but added that those without lodgings would not be turned away, as long as there was room.

• Lithuania's winter sportsmen may be snubbed by sponsors and buffeted by economic change, but they are still proud of competing at the Olympics.

Members of the delegation, speaking on Wednesday's anniversary of Lithuania's 1918 proclamation of independence, were open about the problems of post-Soviet sports in the Baltic state.

Povilas Vanagas, who will team

up in the ice dance with Margita Drobizska, a Muscovite married to a Lithuanian, had to train in Russia.

"There used to be four artificial ice rinks in Lithuania, and now there's only one," Vanagas said. "I don't know if it will have been turned into a warehouse when we get back because that's more profitable."

• Carole Merle became France's latest skiing star to be dropped from an Olympic race when she failed to make the downhill squad after a dismal training run.

Merle, the Olympic super-giant silver medalist at Albertville and giant slalom world champion, was more than two seconds off the pace in Friday's qualifier.

• Franck Picard, France's downhill silver medalist at Albertville, earlier missed his chance at the Lillehammer downhill by a few hundredths of a second in another training run.

• Barbecue buffs have been told by organizers to stop grilling sausages over the Olympic flame.

• A Games official, Odd Ustad, said Friday that security had been tightened around the flame, burning at the top of a 20-meter (65-foot) tower at Olympia Park, after reports of illicit barbecues in the middle of the night.

"We heard that two or three young guys grilled sausages on the flame one night," he said. "We're not sure how they did it. They must have had spears 20 meters long."

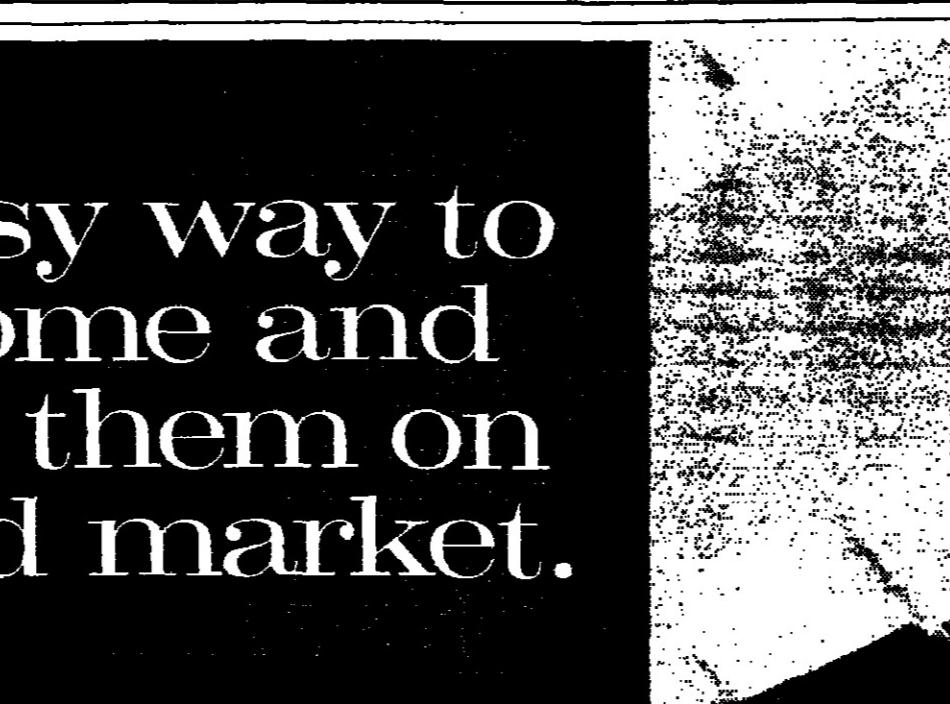
• Mongolia's lone competitor, his *chef de mission* and their country's representative on the International Olympic Committee gazed proudly as their flag was raised at the main athletes' village — nearly a week after the opening ceremony.

At a reception afterward, they handed out commemorative badges, including one depicting Genghis Khan, a national hero whose image in the West is that of a ruthless invader.

(Reuters, WP, LAT, AP, AFP)



Picabo Street of the United States taking a jump Friday in her warmup for the women's downhill competition. She posted the fastest time, at 1:36.50, in the final practice for Saturday's event.



Italians Pull an Upset With 1-2 in Doubles Luge

Compiled by Our Staff From Dispatches

LILLEHAMMER — Kurt Brugger and Wilfried Huber of Italy staged a major surprise in the Olympic doubles luge on Friday, becoming the first non-German pair to win the two-seater event outright since 1964.

The Italian duo of Hansjörg Raffl and Huber's brother, Norbert, took the silver, with the German favorites, Stefan Krause and Jan Behrendt, finishing third.

With a blazing second run of 48.372, Brugger and Huber finished in 1 minute, 56.720 seconds, beating Raffl and Norbert Huber by less than five-hundredths of a second.

Krause and Behrendt, the World Cup champions and the gold medalists at the Albertville Olympics, finished in 1:56.945.

Raffl and Huber set a track record of 48.274 seconds on their first run, but Brugger and Huber, second after the first heat, stormed back with the quickest time the last try on the 16-turn Hunderfossen track.

"We had a stupendous second run, and with that we won the medal," Huber said. "We didn't think we would make it to the gold medal."

For Raffl, 36, it was his last Olympic ride. He'll retire to his job as a forest ranger.

"For me, an Olympic medal is the victory I've wanted," said Raffl, who reached the podium for the first time in five Olympic tries. "Now I've done it, this will be my last Olympics."

The Germans were nonplussed afterward. Partners for a dozen years, they had won four of the five World Cup races they entered this season. Turn 13 was their nemesis Friday. They skidded coming out of it on the first run and clipped the wall after performing nearly flawlessly in practice all week.



Kurt Brugger speeding to victory in the luge with Wilfried Huber.

There was one casualty. The host Norwegians were eliminated after they didn't make the weight after their ride.

But the upsets on the track were overshadowed by Brugger's revelation that he would not rule out racing with a woman — now permitted under a rule change. (AP, Reuters)

Alps' Stars in the Shadows

Swiss and Austrian Skiers Fail to Climb the Podium

Compiled by Our Staff From Dispatches

RINGEBU, NORWAY — Austria and Switzerland, the superpowers of Alpine skiing, are without any medals after three Olympic races. More than hurt pride is at stake.

The ski industries of both countries — equipment and apparel makers as well as Alpine resorts — rely on Olympic success by the national teams to promote brand names and tourism. Bad placings have a ripple effect.

While the unheralded U.S. team pocketed two golds and one silver, Austria and Switzerland failed to place any skier among the top three in the men's downhill and super-giant slalom and in the women's super-G.

"We are heading toward complete disaster," said a Swiss coach, whose candid assessment of the team would get him in hot water if his name were published.

In the men's downhill, which was won by the American Tommy Moe, the best Swiss finisher, veteran Daniel Maher, placed 14th. The superstar Franz Heimler lost a ski at the start and never made it down the course.

In Thursday's super-G,

the Austrian super-G was a ninth-place finish, and Marco Hutter, only 10th.

Austria, which holds a record 20 Olympic golds, more than Switzerland, will rely heavily on Wachter and Thomas Stangassinger this weekend in gate races next week.

Switzerland will depend on the venerable Veit Schmid, the favorite in the women's slalom.

Wachter, who is shooting for the combined and giant slalom titles, is not in peak condition, however. She has just recovered from an ankle injury and is still upset over the death of her teammate Ulrike Maier last month.

Maier, a two-time world champion, broke her neck and died during a World Cup downhill at Garmisch-Partenkirchen, Germany, on Jan. 29.

Schmid, 29, had an impressive series of five World Cup wins before the Olympics but cautioned in a recent interview that slalom was an error-prone race.

Switzerland only got a bronze in the men's combined at the Albertville Games two years ago when its best skiers, such as Heimler and Paul Accola, made incredible mistakes. (AP, WPT)

Lee-Gartner to Defend Downhill Title

The Associated Press

RINGEBU, NORWAY — Karin Lee-Gartner of Canada said Friday that she would defend her Olympic downhill title Saturday, despite still feeling emotional fallout from the death of Ulli Maier.

Maier, an Austrian, was killed in a downhill race at Garmisch-Partenkirchen, Germany, on Jan. 29 when she slammed into a timing post and broke her neck. After her friend's accident, Lee-Gartner left the World Cup tour and returned to Canada.

"At the time, she said, "Unless I'm 100 percent confident, I'm out of there."

On Friday, after her second and final day of training for the women's downhill at Kvifvoll, she said she was ready.

"I really feel good about being back on my downhill skin," said Lee-Gartner, 27. She said that she was extremely upset over the loss of her friend, but that she had put it behind her.

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Sprint
World Cup USA '94

SPORTS WINTER OLYMPICS

Floor Was Open to Questions, but Tonya Wasn't Open to Answers

By Ian Thomsen

International Herald Tribune

LILLEHAMMER — The U.S. Olympic Committee spokesman began Friday by praising the new American gold medalist, Dan Jansen, for being "the quintessential Olympian: Faster, higher, stronger, and today he is the best in the world."

Tonya Harding sat blinking like a traffic light alongside the spokesman. He opened the floor to questions for her.

"Tonya," the first question began, "you've lied to us about your smoking, the FBI said you lied in your statement to them, and you've failed polygraph tests two or three times. Why should we believe anything you say to us now?"

Her face scruched into a pained, troll-like smile, and she turned to her coach, Diane Rawlinson, who leaned forward and said into the microphone, "I think we're here to talk about Tonya's skating."

This circuit was maintained throughout Harding's first news conference since her family's friends were implicated in the attack on Nancy Kerrigan. When Tonya was asked about Nancy, it was her coach who responded:

"Tonya is very competitive. She wants to compete and she

wants to win. She really has a lot of respect for Nancy and for their talent."

When Tonya was asked whether she has been convicted by the media, her coach answered, "I think the media because Tonya has not been very vocal, has come up with a lot of things on their own."

When Tonya was asked about the death threats against her, her coach shook her head and said: "We really can't worry about death threats. The Lord has a master plan and if it's meant to be, it will happen."

Finally someone discovered the tread and addressed a question to the coach. He asked her about Tonya's back-ground.

"You'll have to have Tonya answer that," the coach said. "She doesn't like to have me speaking for her."

The auditorium in the Main Press Center was like a large school bus on a field trip just far enough away to make everyone punchy. There first had been a press conference given by two Armenian bobsledders from New England, which had been well attended by all of the journalists who wanted a seat for the Tonya Harding press conference. Her 30-minute performance, which was less revealing than her videos... fortunately... included several attempts to discover her feelings about what had become of Nancy and the Olympic movement.

"I am very upset and ashamed and I am embarrassed," Tonya said, but unfortunately she was responding to the topless video of her broadcast and published throughout the world. "One thing I have to say is if everyone could put themselves in my position, then how would you feel?"

To believe everything Tonya said was to believe, basically, that she has no brain.

The question went unanswered by her audience, because reporters do not generally have coaches.

To believe everything Tonya said was to believe, basically, that she has no brain. She said she does not sense tension between her and Nancy. She confirmed they had had a "brief encounter" here, which she described as "very positive" and "kind of a private thing." She also said, "The media attention has been great," which would be like Kennedy saying that he respected Oswald's opinion. "It's been kind of fun, interesting. I know the media has to do their job, I understand that, and I respect them."

The media responded by asking how she could profit from a horrible situation by signing an exclusive interview agreement with an American TV show. (The truth is that everyone is profiting.)

"Well, I'm not profiting off of a horrible situation," she said. "I have not received any of the money, and when I do it will go toward legal costs, coach's fees and training lessons. I am also talking to my attorneys about setting up a Tonya Harding trust for Special Olympics children in Oregon."

She answered the questions like she was running for the Miss America title. (In a sports sense, she is.) "I feel every competitor at the Olympic Games is wonderful and I see myself as an equal to them," she said, but it was difficult to tell whether she could hear the guffaws belched from the audience.

Tonya said her right ankle sore for months, would not affect her performances. She said she seems to skate better under pressure. (We'll find out.) Her coach revealed that Tonya had been asked to arrive after the Opening Ceremonies by the USOC, which didn't want her shadow cast over the other athletes. Tonya said she only wished she could share some of her sunshine with them. She said she wasn't distracted and neither was she worried about the judges burying her when the women's figure skating begins Wednesday, and then she got up and left and was replaced on the stage by Alberto Tomba.

He blubbed: "Tonya, Tomba, Toe-mba."

In 1992, he was reminded, the hype had all been Tomba, Tomba. This year it is Tonya, Tonya.

To the reporters he said, "Tonya is better — for you, yes. Not for this girl, no."

Tomba will try next week to become the first Alpine skier to win gold medals in three consecutive Olympics. More importantly, he was asked Friday to name the best nightclubs in Lillehammer, whether he was still interested romantically in Katarina Witt.

In other news from the auditorium, the Armenian delegation, making its first appearance in the Winter Olympics, said it had been unable to attract sponsors, given the more important needs of the Armenian population. Because of the 1988 earthquake and the ongoing conflict with Azerbaijan, the country is lacking in electricity, fuel and food. The chef de mission explained how his Olympic skier can only get in four practice runs every few days because he has to walk back up the hill after each run, but by then the auditorium was filling up with the anticipatory buzz of Tonya's arrival, and no one seemed to be paying much attention to the Armenians.

GOLD: Jansen Wins His Medal

Continued from Page 1
official handed him a cellular phone and said, "It's the president calling."

"Our president?" Jansen said, shock registering on his face anew.

A couple of "O.K.s" later, Jansen kept the phone pressed to one ear and sheepishly told a hushed roomful of reporters: "I'm on 1:13.01."

But the past — all of it — fell away.

Jansen won in 1:12.43, Zhelezov took the silver in 1:12.73, and Sergei Klebchenya of Russia captured the bronze in 1:12.85. When Jansen's time flashed on the scoreboard and he had leapt-frogged both men into first, TV coverage switched to his wife and his mother at the other end of the rink who were hugging and screaming and bobbing in place in a happy embrace. Later, Jansen's wife Robin giddily said she had been so overcome with emotion right then, "I nearly collapsed." She was taken to the emergency medical technicians, where she was pronounced fine.

Even as happy endings go, this was perfect: A sweet kid from the Heartland who did everything the right and honorable way, absorbed numbing setbacks stretching back years and still triumphed at long last against the sort of odds that make even the president of the United States reach for the phone.

"He said he can't express how much the country was pulling for me," Jansen said, his voice catching with pride.

Friday was Jansen's last career chance at an Olympic medal, and he wasn't even a cinch to make the top three in this event, let alone trim the world record by seven-hundredths of a second.

The 500-meter race was his world-record distance. But he came dangerously close to falling Monday in the last turn and used his left hand to keep himself upright, which cost him milliseconds. After that race it seemed the cold feeling of his fingers brushing the ice would be the memory Jansen took away from these Games — another sad story to go along with his sub-par performance at the 1992 Albertville Olympics, and that heart-wrenching week he had in Calgary in 1988, when his sister, Jane Berezin, died of leukemia the morning of the 500 and Jansen spun out on the very first turn that night as if yanked down by a rope.

A few days later, Jansen fell again in the 1,000-meter event.

By the time he teed the starting line on Friday, almost everyone knew his star-crossed story. That was one reason Jansen's victory pulled all the audience to its feet and made everyone at Hamar's Olympic Hall forget national audiences.

Someone from the speed-skating-mad Netherlands threw Jansen a Dutch flag like a Spaniard might toss bell's ears to a matador. Some, one else threw an American flag to the ice. Soon came a bouquet of yellow lilies, a stuffed animal, a shower of more flowers, and — most come of all — one of those large, yellow, fawn-turban wedges of cheese that sports fans in Janes' home state of Wisconsin wear as hats at athletic events.

Jansen picked it all up and laughed as he briefly tried on the cheese.

"Finally I feel like I've made people happy instead of having to feel sorry for me," Jansen said.

Igor Zhelezovsky of Belarus, who skated first, was the favorite, Kevin Scott of Canada, the world



Dan Jansen of the United States on Friday after he had set a world record in the 1,000-meter event and finally won an Olympic medal.

Kerrigan's Answer to Harding? Smile

By George Vecsey
New York Times Service

HAMAR — Why is this woman smiling? I mean, grinning from ear to ear. She smiles when she is warming up. She smiles when she is practicing. She smiles when her coaches loudly clap their hands after her every move.

Nancy Kerrigan was even smiling when her old friend Tonya Harding went down in a pile

against the boards as if she had been fore-checked by Bob Probert or Tie Domi or the big bopper from the Portland Kneewackers. She just smiles all the time, like a baby with gas. Who knew all this was such good fun? But Kerrigan seems determined to have a grand old time here at the Winter Games, as if practice were an endless commercial shoot. And probably it is.

That did not necessarily mean Kerrigan was smiling at Harding's misfortune. She just smiles all the time, like a baby with gas. Who knew all this was such good fun? But Kerrigan seems determined to have a grand old time here at the Winter Games, as if practice were an endless commercial shoot. And probably it is.

Kerrigan did her best not to notice the presence of her pal Thursday on the six-week anniversary of Kerrigan's being whacked on the knee by a thug hired by Harding's former husband. It was hard not to notice Harding flitting back and forth on the ice during the two practice sessions that were open to six skaters at a time.

Harding seemed much less inhibited than Kerrigan about where she could go. There was something primal about the way Harding stalked out every corner of the rink, but wherever Kerrigan's averted gaze went, her face was curled up in a giant "aren't-we-having-fun?" smile.

Harding even survived her long haul from Portland, performing the difficult Portland-Seattle-Copenhagen-Oslo triple Axel, and after one night in Europe she went out to practice

Thursday, nine time zones out of kilter. But Tonya is on record that she does not believe in jet lag. Her life seems uncluttered by awareness of many things.

She never seemed to notice the hundreds of reporters and photographers milling about the tiny practice rink. Tonya knows what she needs. She needs a nasal inhalator for her asthma. She needs a smoke and a cold brew. And she needs to make some money. She doesn't smile much. Life's too hard.

Tonya was definitely not smiling at the end of her afternoon workout, when she tried a triple Axel at the end of her short practice and wound up sprawled on the ice. She skated one-legged for a while, displaying no Kerrigan-esque smiles, and she even made a few jumps at the end of practice.

The trainer scooped up a bucketful of snow from the endless supply just outside the door, to be applied to her "chronically sore ankle." Tonya was flimping when she left the building. She will be back. She's not going away — certainly not easily.

That leaves Nancy Kerrigan with a smile. Kerrigan did nothing to deserve being whacked in the knee on Jan. 6 — nothing except to be in Tonya Harding's way, at least in the twisted reasoning of the four louts who plotted and committed the attack.

Harding insists she had nothing to do with the plot, and she may never be charged with anything. It may not be fair to make Kerrigan work out in the same sector with her competitor who has links to the goons who whacked Nancy Kerrigan, but life is not fair.

Tonya is in Norway. Tonya's at the Winter Games.

And Nancy Kerrigan is smiling.

Figure skaters learn to smile in public after some judge has stuck it to them.

most positive and experienced people in the business — are doing the right thing by smiling and clapping like some hired opera claque.

It's part of the game.

But smiling could become a chore for Nancy Kerrigan. Tonya's here. Tonya's not going away. Time is on Tonya's side. Tonya is a survivor. Tonya has survived her chaotic family life, and she has survived the legal skirmishes when the U.S. Olympic Committee tried to haul her in for questioning about her role in the celebrated knee-whacking.

Harding seemed much less inhibited than Kerrigan about where she could go. There was something primal about the way Harding stalked out every corner of the rink, but wherever Kerrigan's averted gaze went, her face was curled up in a giant "aren't-we-having-fun?" smile.

Harding even survived her long haul from Portland, performing the difficult Portland-Seattle-Copenhagen-Oslo triple Axel, and after one night in Europe she went out to practice

Russians Lead In Ice Dancing

Compiled by Our Staff From Dispatches

HAMAR — Britain's 1984 Olympic champions, Jayne Torvill and Christopher Dean, were relegated to third place as Russia's ice dancing power prevailed on Friday.

Maya Usova and Alexander Zhulin, the world champions, were deadlocked after splitting victories in the first two compulsory dances with Oksana Gritschuk and Yevgeni Platov, who emerged as the big threat to the Britons. They each had 0.5 points.

Torvill and Dean have revamped their "Let's Face the Music and Dance" free routine by 80 percent since Copenhagen following their defeat in that section by Gritschuk and Platov.

The overall decision in Denmark was close and required a computer to establish that the Britons were narrow winners.

Thompson said he felt Torvill and Dean were probably a little disappointed with their scores on Friday.

"It's not what they said, it's what they didn't say," he said. "They didn't say anything."

Calloway said she felt a little disappointed with the Britons marks, especially for the first dance, the Starlight Waltz. It looked beautiful but the scores were only 5.5s and 5.6s.

(Reuters, AP)



Oksana Gritschuk and Yevgeni Platov tied for first on Friday.

Norway Hopes Eagle Lands Gold

Kasper

LILLEHAMMER — They dubbed him "Egon the Eagle" in Alberville two years ago.

This weekend in Lillehammer, the Eagle will probably land Norway yet another Olympic gold.

When the ski jumping men of the Winter Games hunt themselves down the Olympic high hill on Sunday, Egon Bredesen will be the clear favorite.

But in France two years ago, there were only two jumpers behind him on the high hill and none at all on the normal hill. Comparisons with Eddie "The Eagle" Edwards, Britain's hapless ski jumper from Calgary in 1988, were inevitable.

But the problem in Alberville was not just Bredesen's. It affected the whole Norwegian jumping team.

The ski-jumping world was being revolutionized by the new V-style, in which jumpers spread their ski tips after takeoff rather than keeping them parallel.

Conservative Norwegian coaches held out against the style, judging that men could live without it. Then, just 10 days before the Games began, they changed their minds.

"I don't think about Alberville any more," an older and wiser Bredesen says.

In fact, given time to practice, Bredesen turned out to be a natural V-style jumper.

Within a month he had a top-10 finish in a World Cup event. A year later, in Falun, Sweden, he had become world high hill (120 meters, 390 feet) champion.

With 1992 wonder boy Totti Nieminen out of the picture — the Finn could not cope with the pressure of winning two Olympic golds at the age of 16 — Bredesen's main competition comes from Germany, Austria and Japan.

In training sessions at the Lyggaardbakken arena, where half the world watched a ski jumper deliver the Olympic torch to the Games' opening ceremony last week, the Norwegian's most consistent challenger was Germany's Jens Weisflog.

A 29-year-old veteran who won Olympic gold on the 70-meter hill and silver on the big hill in Sarajevo in 1984, Weisflog has not won any Olympic medals since.



RUDOLPH WAS THE WINNER — Norwegian Sami athletes competing Friday in a traditional reindeer race at Oyer/Hafjell, won by a reindeer named Rudolph.

Panel Hearing Harding's Case To Call Gillooly

The Associated Press

PORLAND, Oregon — The U.S. Figure Skating Association has asked Jeff Gillooly to testify at Tonya Harding's disciplinary hearing March 9 in Colorado.

Gillooly previously pleaded guilty to a charge of racketeering in connection with the attack last month on Harding's Olympic rival, figure skater Nancy Kerrigan, and is free pending sentencing.

Gillooly's attorney, Ron Hoevet, has filed a motion in county court asking that his client be allowed to attend the hearing. The court will consider the motion Tuesday.

The association's hearing will determine whether Harding should be stripped of membership in the organization because of the assault. Kerrigan was clubbed in the leg after a practice session Jan. 6 to try to keep her from competing in the Olympics.

Gillooly, Harding's ex-husband, has charged that she was involved in the plot to attack Kerrigan, and a county grand jury is considering whether criminal charges should be filed against Harding.

Glenn Close Upstages LuPone for N.Y. Role

Glenn Close is taking "Sunset Boulevard" to Broadway. She will replace Patti LuPone as the fading movie queen Norma Desmond when the Andrew Lloyd Webber musical opens this fall in New York. LuPone currently stars in the London production, but investors lost confidence in her after critics' accusations that Close was better. Close has been playing the role in Los Angeles. A spokesman for LuPone said she is devastated and hasn't performed since she got the news.

A kiss is just a kiss, as far as "Roseanne" is concerned, so, after much discussion, ABC says it will show an episode of the sitcom on March 1 that features Roseanne Arnold kissing Mariel Hemingway.

How does a relative of George Washington eight generations removed, plan to mark the first U.S. president's birthday Tuesday? Stephen Washington, 29, a law student at Yeshiva University, said: "I certainly don't chop down cherry trees, though if I were not in New York, I might do some yardwork. But I have too much work to do, so I will hole up in the library."

Gene Kelly's birthday card to Merritt Cunningham shows an umbrella dripping rain and William Wegman's features a few dogs. Gianni Versace and Giorgio Armani depicted fashion designs — what else? — on their cards wishing Cunningham, the modern-dance pioneer, a happy birthday. But Cunningham, who turns 75 on April 16, won't get to keep those collector's items or the ones done by more than 70 other celebrities. The cards will be auctioned on Tuesday to benefit the Cunningham Dance Foundation.

Yoko Ono has donated \$4,000 to the Family Violence Center in Springfield, Missouri. The widow of John Lennon matched the amount of money raised by last year's annual "Imagine" concert at which local bands play Lennon songs to benefit local charities.

INTERNATIONAL CLASSIFIED

Appears on Pages 7 & 13

DAVE BARRY

Win a Valuable Prize

MAMI — Today I am announcing the first-ever Amateur Tax Tips Contest, featuring an exciting prize as well as an opportunity for some lucky winners to serve lengthy terms in federal prison.

The purpose of the Amateur Tax Tips Contest is to provide normal people with practical, real-life answers to their tax questions, as opposed to the complex and vague "advice" we so often see in columns written by the kind of goody-two-shoes money geeks who actually save their receipts and record their mileage and file their tax returns on Jan. 2. I'll give you an example of what I mean.

QUESTION: "How much can I deduct for a business office in my home?"

COMPLEX, VAGUE MONEY-GEEK ANSWER: "Calculate the size of the office as a percentage of the total living area, then use this figure to compute the pro rata costs of utilities, mortgage interest, taxes and insurance."

PRACTICAL, DOWN-TO-EARTH ANSWER: "\$6,532.87." That's what the taxpayers want: concrete information. We don't want: "Total your amortized capital depreciation as specified in Schedule C, section 873, subsection VIII, verses xi and xii." We want: "Put down that you lost \$3,832.44 operating a perch farm."

Perhaps you think I am suggesting something dangerous here. Perhaps you do not believe that the Internal Revenue Service (Motto: "We'll Answer the Taxpayer Assistance Hot Line When You Pry the Coffee Cup From Our Cold, Dead Fingers") would allow you to take anything so ridiculous as a perch farm deduction.

Listen: You can deduct anything. People have deducted used underwear. And when I say "people," I of course mean "Bill Clinton." According to news reports, in past years President Clinton deducted as much as \$2 per pair for used underwear that he donated to the Salvation Army. I applaud Mr. Clinton's generosity, although I am troubled somewhat by the idea of any guy voluntarily giving up his underwear. Whoever says that guys are unwilling to make lifetime commitments clearly has not examined the intimate bond that can develop between a guy and his briefs.

Call me heartless, but I've never donated my used underwear to anybody. I estimate that, for tax deduction purposes, these briefs are worth \$2,473.02. Notice that I use an exact-sounding number here. **ALWAYS USE AN EXACT-SOUNDING NUMBER WHEN YOU ARE MAKING SOMETHING UP.**

PARIS — "All the brasseries had bands. We sang, we played, we listened to the music. It was grand."

"In the Place de la Bastille there were strongmen and sword swallowers and fire-eaters. There was also a swallower of frogs, up to 40 of them, who would spit them out

MARY BLUME

again. The extraordinary thing was that they were all alive. Dead, they would have lacked charm."

"A cloth cap didn't brand you as working class. Office employees wore them, too. I remember one of our neighbors was an electrician. They were the nobility of the working class. He wore a soft hat."

"The slang and the sound of the accordion — that was Paris!"

Memories of Paris between the wars: rosy for the most part but very real to the 1,078 Parisians who answered the call of Mayor Jacques Chirac for mementoes, snapshots and recollections of their youth. The result — some from Parisians expatriated as far as Denmark, Portugal and the United States — is on view in the exhibition "La Mémoire de Paris 1919-1939" at the Hôtel de Ville until April 30.

Most of the participants come from simple backgrounds. The show is less to enlighten those who did not know the period than to provide a trip down memory lane for those who did. Visitors are mostly elderly people exchanging memories and recalling for each other such objects as schoolbooks, wooden butter curlers stained dark with use, Sergeant Major pen nibs and a newspaper headline about an airplane landing on a Paris rooftop in January 1919 ("I was 8 years old," an elderly lady remarked to me on one in particular).

The exhibition is as crowded as a blockbuster art show, but visitors do not jostle and show a courtesy to each other that signifies, as much as the snapshots and oral memories, how much Paris has changed.

The memories collected in the catalogue recall street noises such as the tramway, horses' hooves, the sabots of Auvergnats dancing on Rue de Lappe, the cries of rapiers, knife grinders and the *vitrines* who replaced broken window panes (the *r's* in *vitrine* were unsounded, one old Parisian said).

Among the long-gone sights are lamplighters, the goat-herd selling cheese on the street, cobblestones in the rain, communal laundries bathed in steam, the black dust rising to the kitchen ceiling after the coal man had come. It is all like a *Cinéma* film shot by Capra.

The only restriction is that whatever you send **MUST BE ON A POSTCARD**. Send your card to: Amateur Tax Tips, c/o The Washington Post Magazine, 1150 15th St. NW, Washington, D.C. 20071. Tell us the best tips just before April 15. The people who suggest them will receive a handsome mention of their names in this column, as well as a chance to be audited for life. The person who suggests the best tip will receive, at tremendous personal tax-deductible sacrifice to me, a historic literary object that has been valued, in print, at \$2,473.02. I may even wash them.

Knight-Ridder Newspapers

WEATHER

Europe

Forecast for Sunday through Tuesday, as provided by Accu-Weather.							
Today		Tomorrow		Monday		Tuesday	
High	Low	W	W	High	Low	W	W
Algarve	13/25	10/16	W	14/26	11/20	W	14/26
Amsterdam	3/27	2/29	W	4/28	3/21	W	4/28
Athens	14/57	7/44	W	15/58	7/44	W	15/58
Barcelona	12/53	8/48	W	14/55	7/44	W	14/55
Berlin	3/29	2/29	W	4/30	3/21	W	4/30
Brussels	4/28	2/29	W	5/29	3/22	W	5/29
Copenhagen	2/29	1/24	W	3/29	1/21	W	3/29
Greece Del Sol	18/48	12/29	W	18/51	12/29	W	18/51
Edinburgh	7/44	1/24	W	8/45	1/27	W	8/45
Florence	7/44	1/24	W	8/45	1/27	W	8/45
Genoa	3/27	1/21	W	3/28	1/21	W	3/28
Helsinki	5/29	9/18	W	6/27	11/11	W	6/27
Istanbul	11/29	10/18	W	12/29	11/18	W	12/29
London	11/22	11/22	W	11/23	11/22	W	11/23
Lyon	7/44	1/24	W	8/45	1/27	W	8/45
Madrid	12/53	7/44	W	13/56	7/45	W	13/56
Milan	3/27	1/24	W	4/28	1/21	W	4/28
Naples	3/27	1/24	W	4/28	1/21	W	4/28
Paris	9/48	3/27	W	10/49	3/27	W	10/49
Rome	3/27	1/24	W	4/28	1/21	W	4/28
Stockholm	7/44	1/24	W	8/45	1/27	W	8/45
Turin	7/44	1/24	W	8/45	1/27	W	8/45
Venice	7/44	1/24	W	8/45	1/27	W	8/45
Zurich	2/29	1/24	W	3/29	1/21	W	3/29



North America
Europe
Paris through London will have chilly, damp weather Sunday into next week. Tokyo will have rain Sunday, then dry, chilly rain Monday. Spain will have heavy snow over northwest. Heavy snow over northwest Japan will be accompanied by strong winds. Manila will be quite warm with some scattered rains.

Asia
Cloudy weather will move into Beijing and Seoul early next week. Tokyo will have rain Sunday, then dry, chilly rain Monday. Heavy snow over northwest Japan will be accompanied by strong winds. Manila will be quite warm with some scattered rains.

Middle East
Europe
Paris through London will have chilly, damp weather Sunday into next week. Tokyo will have rain Sunday, then dry, chilly rain Monday. Spain will have heavy snow over northwest Japan will be accompanied by strong winds. Manila will be quite warm with some scattered rains.

Latin America
Europe
Paris through London will have chilly, damp weather Sunday into next week. Tokyo will have rain Sunday, then dry, chilly rain Monday. Spain will have heavy snow over northwest Japan will be accompanied by strong winds. Manila will be quite warm with some scattered rains.

Oceania

Legend: s-sunny, po-partially cloudy, c-cloudy, st-showers, t-thunderstorms, fl-fog, n-new snow, W-Westerly.

All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

Asia

Forecast for Sunday through Tuesday, as provided by Accu-Weather.							
Today		Tomorrow		Monday		Tuesday	
High	Low	W	W	High	Low	W	W
Algeria	16/51	8/48	W	16/54	11/52	W	16/54
Cario/Town	18/71	10/63	W	20/72	14/57	W	20/72
China, PRC*	22/71	15/59	W	19/68	14/57	W	19/68
Guam	018-572	10/57	W	20/63	11/57	W	20/63
Hong Kong	18/71	10/63	W	19/68	14/57	W	19/68
India	000-117	10/57	W	11/62	5/41	W	11/62
Indonesia*	001-801-10	10/57	W	20/63	11/57	W	20/63
Japan*	035-111	10/57	W	19/68	14/57	W	19/68
Korea	009-11	10/57	W	19/68	14/57	W	19/68
Macao	0800-0111	10/57	W	19/68	14/57	W	19/68
Malaysia*	800-0011	10/57	W	19/68	14/57	W	19/68
New Zealand	000-911	10/57	W	19/68	14/57	W	19/68
Philippines*	105-12	10/57	W	19/68	14/57	W	19/68
Russia (Moscow)	155-5042	10/57	W	20/63	11/57	W	20/63
Singapore	235-2872	10/57	W	20/63	11/57	W	20/63
Taiwan*	0080-102288-0	10/57	W	19/68	14/57	W	19/68
Thailand*	0019-991-1111	10/57	W	19/68	14/57	W	19/68
U.K.	0500-83-0011	10/57	W	19/68	14/57	W	19/68

North America
Europe
Paris through